



Government
of Canada

Gouvernement
du Canada

Canada



Low Carbon Economy Challenge

Partnerships Stream -
Small and Medium Business Intake

Summarized Applicant Guide
August 2019



Unless otherwise specified, you may not reproduce materials in this publication, in whole or in part, for the purposes of commercial redistribution without prior written permission from Environment and Climate Change Canada's copyright administrator. To obtain permission to reproduce Government of Canada materials for commercial purposes, apply for Crown Copyright Clearance by contacting:

Environment and Climate Change Canada

Public Inquiries Centre

12th Floor, Fontaine Building

200 Sacré-Coeur Boulevard

Gatineau QC K1A 0H3

Telephone: 819-938-3860

Toll Free: 1-800-668-6767 (in Canada only)

Email: ec.enviroinfo.ec@canada.ca

© Her Majesty the Queen in Right of Canada, represented by the Minister of Environment and Climate Change, 2019

Aussi disponible en français



TABLE OF CONTENTS

1. Purpose of this Guide 1

2. Program Overview 1

3. Definitions, Eligibility and Rules..... 2

4. Funding Parameters and Project Costs 5

5. Assessment of GHG Reductions and Energy Savings..... 5

6. Work Plan, Technical Feasibility and Risks 6

7. Other Potential Benefits and Project Considerations 6

8. Duty to Consult..... 7

9. Monitoring, Reporting and Verification..... 7

10. Service Standard and Point of Contact..... 7

Appendix A: GCKey and Single Window Information Management (SWIM)..... 9



1. PURPOSE OF THIS GUIDE

This **summarized** version of the Applicant Guide has been developed by the Programs Directorate at Environment and Climate Change Canada (ECCC) to assist applicants in understanding the application process and assessing their eligibility for the Partnerships stream: Small and Medium Business Intake of the Low Carbon Economy Challenge.

Applicants should read the **comprehensive** Applicant Guide available through the online application tool for additional information and instructions for completing and submitting an Application.

Questions can be sent to the Programs Directorate at ec.lcef-fefec.ec@canada.ca.

2. PROGRAM OVERVIEW

THE LOW CARBON ECONOMY FUND

The Low Carbon Economy Fund provides support to projects that will generate clean growth and reduce greenhouse gas (GHG) emissions, helping Canada meet or exceed its commitments under the Paris Agreement.

Funding is allocated through two envelopes: the Low Carbon Economy Leadership Fund (“the Leadership Fund”), which provides funding to provinces and territories that have adopted the Pan-Canadian Framework on Clean Growth and Climate Change (PCF) to help them deliver on their commitments to reduce GHG emissions. The second envelope is the Low Carbon Economy Challenge (“the Challenge”) which is divided into two streams: the Champions stream and the Partnerships stream. The Challenge provides funding to eligible applicants with projects that reduce emissions and create clean growth. The Champions stream and the first intake of the Partnerships stream are now closed to applications.

The second intake of the Partnerships stream, the Small and Medium Business Intake, is the focus of this Guide. It will provide up to \$10 million in funding for small and medium private sector, for-profit organizations and businesses in Canada with less than 500 employees.

OVERVIEW OF THE APPLICATION PROCESS

For the Partnerships stream: Small and Medium Business Intake, applicants are required to submit their completed Applications to ECCC, via the online application tool. This can be done anytime between August 13, 2019 and the application deadline of November 15, 2019 at 12:00pm, noon (PST).

There are three key steps to proposal selection:

A. SCREENING

Proposals will be reviewed to confirm that all activities are eligible for funding, that projects are incremental to existing or planned projects, and that requested funds follow cost-sharing requirements.



B. EVALUATION

Each proposal will be evaluated by a cross-disciplinary review committee, comprised of federal officials and expert reviewers, based on a combination of the following elements:

- Risk and feasibility;
- Annual tonnes of GHG emission reductions achieved in the year 2030 per federal dollar invested;
- Cumulative GHG emission reductions over the lifetime of the impact per federal dollar invested; and
- Other co-benefits.

C. RECOMMENDATIONS AND FINAL DECISIONS

Subsequent to the proposal evaluation process, formal recommendations will be made to the Minister of Environment and Climate Change Canada for approval and funding determination. Final proposal selection, approval and funding determinations will be at the Minister's discretion.

ECCC will notify both successful and unsuccessful applicants of the outcome of the evaluation process once a decision has been made. If a project is approved for funding, ECCC will issue a notification of approval-in-principle and will indicate next steps.

The signing of a funding agreement is the final step in the project approval process. The agreement will state the terms and conditions under which the Government of Canada will provide funding for the project.

3. DEFINITIONS, ELIGIBILITY AND RULES

KEY DEFINITIONS

- **Proposal:** The application being submitted.
- **Activity:** Aspect of the project that will, relative to an aspect of the baseline or business-as-usual (BAU) scenario, result in a reduction in GHG emissions due to the implementation of the project. No more than 20 activities can be defined, including similar aspects at different project sites or portfolio projects.
 - For example, a building energy efficiency retrofit project with three activities: adding additional insulation, adding solar panels and an HVAC system replacement/upgrade.
- **Ultimate recipient:** Owner of the asset who receives the intended material benefit as a result of the implementation of the project.
 - Small and medium businesses are the only eligible ultimate recipients for this Partnerships stream intake.
- **Project:** Activities occurring at either:
 - A single site with a single ultimate recipient, or
 - A single site with multiple ultimate recipients, or
 - Multiple sites with a single ultimate recipient.
 - For example, a small business submits a proposal including a building energy efficiency retrofit project, with activities in three of the stores it owns.



- Note that for all proposals, the project site(s) must be identified at the time of submission.
- **Portfolio:** A proposal consisting of multiple projects/project sites and multiple ultimate recipients. The maximum number of ultimate recipients within a portfolio is limited to 10. Projects within a portfolio must be similar and must fall into a single broad eligible sector.

PROJECT SCOPE

The project scope described in the proposal must be clearly defined and be limited to the sectors, activities, and time period that are eligible for funding as outlined in this Guide. Ineligible activities must be excluded from the proposal.

Activities supported by the Low Carbon Economy Fund and any associated eligible expenditures must be completed and incurred, respectively, between the date of signature of the funding agreement and March 31, 2024. Estimated GHG emission reductions from activities taking place outside of that period are not included. Of note, emission reductions taking place beyond March 31, 2024 should be counted as long as they stem directly from activities that took place within the stated timeframe.

The scope of the project should only include specific activities/technologies that have demonstrated effectiveness in obtaining direct and quantifiable GHG emission reductions as a result of implementing the project scenario, which are in addition to (incremental to) what would otherwise occur in the 'business-as-usual' baseline scenario.

For more information, see Sections 3 and 5 of the comprehensive Applicant Guide.

ELIGIBLE SECTORS

The Challenge – Partnerships stream for small and medium business supports GHG mitigation projects in a number of sectors including:

- **Building energy efficiency and fuel switching** – Residential and commercial retrofits, including fuel switching
- **Industrial** – Energy efficiency, fuel switching and process changes
- **Forestry** – Reducing GHG emissions in the forestry sector
- **Agriculture** – Reducing GHG emissions in the agriculture sector
- **Waste** – Methane capture, Organics diversion
- **Transportation** – Heavy-Duty Vehicle (HDV) retrofits, including energy efficiency and/or fuel switching
- **Low-emissions fuel production** – Renewable natural gas production for own-use, liquid renewable fuel production for own-use, other low-carbon fuel production for own-use
- **Electricity and/or energy production** – District energy systems to heat or cool existing buildings, combined heat and power for own use, renewable energy systems (e.g. solar photovoltaic (PV), solar hot water systems, wind, micro-hydro) for own-use

Please review Section 3 of the comprehensive Applicant Guide for information on ineligible sectors, own-use criteria and restrictions on GHG offsets.



ELIGIBLE ACTIVITIES AND TECHNOLOGIES

The project or portfolio must meet the following key requirements:

- **Must make use of commercially available technologies:** The Challenge will only fund projects using technologies at the [Technology Readiness Level \(TRL\) scale 8 or above](#) (i.e. the technology has been proven to work in its final form under expected conditions).
- **Cannot include research, development and demonstration (RD&D) elements:** Projects with RD&D activities are not eligible for funding. Any RD&D activities aimed at demonstrating the effectiveness of a product or technology used as part of the project must be concluded prior to the Application.
- **Cannot include standalone educational or capacity building elements:** In order to focus on activities that result in direct GHG emission reductions, standalone educational or capacity-building projects will not be funded. However, it should be noted that technical staff or end-user training directly related to the implementation of the project is not considered a “standalone” element and can be eligible for funding.
- **Cannot include a feasibility study, standalone engineering study, or other prospective studies:** Feasibility or other prospective studies are not eligible for funding and cannot be included as an element of a proposed project. The project cannot be dependent on any preliminary or other prospective studies aimed at informing the decision of whether or not to go forward with the initiative.
- **Must result in measurable GHG emission reductions towards Canada’s 2030 target:** The Challenge will fund projects that reduce GHG emissions in Canada. Project assessment will consider both cumulative GHG reductions caused by the project and annual emission reductions in the year 2030. GHG emission reductions that take place outside of Canada, such as those stemming from the use of products or technologies exported to other countries, will not be considered.
- **Must be identified before the Application is submitted:** The Challenge will only fund projects where activities, investments, and locations have been confirmed. Incentive programs and/or projects yet to be selected via a call for proposals or an application-based process are not eligible for funding.
- **Cannot primarily consist of the construction of new buildings:** Projects for which GHG emission reductions are achieved based on the construction of new buildings (e.g. reductions stemming from building beyond code or via carbon sequestration in wood buildings) are not eligible. However, new buildings which are necessary as part of projects that aim to reduce GHG emissions through other methods (e.g. buildings to house large equipment to improve energy efficiency in industrial processes) are acceptable.
- **Cannot include endowments, revolving funds, financing, loans and loan guarantees:** The Challenge will only reimburse eligible expenses incurred for a specific project.

ELIGIBLE RECIPIENTS

Eligible recipients are Canadian for-profit organizations with established businesses in Canada with 1 to 499 employees. These are the only eligible recipients that may apply for, and be the ultimate recipients of federal funding through the Partnerships stream- Small and Medium Business Intake.

Applicants may submit joint proposals involving two or more entities to seek funding for a project. In this scenario, a lead applicant must be identified to be the main point of contact for ECCC and be responsible for the proposal.



4. FUNDING PARAMETERS AND PROJECT COSTS

Federal grants and contributions are available of no less than \$20,000 and no more than \$250,000 per project. The LCEF contribution will be up to 25% of the total eligible expenses. As a result, each project must have a total eligible project cost between \$80,000 and \$1,000,000.

For a portfolio, each project within the portfolio is eligible for federal grants and contributions of no less than \$20,000. The portfolio of projects is eligible for no more than \$250,000 of funding in total. For example, if a portfolio has three projects, each project must require federal grants and contributions of at least \$20,000 each, and must ask for a total of no more than \$250,000 across all three projects.

ECCC will use proposal information to determine whether a grant or contribution is appropriate.

COST SHARING AND STACKING

The Challenge does not fund projects that have received funding through the Low Carbon Economy Leadership Fund, which funds a variety of provincial and territorial programs. Applicants whose projects also receive provincial or territorial funding must confirm that this does not include Leadership funds.

Low Carbon Economy Challenge funding cannot be combined with other federal funding from the Pan-Canadian Framework programs.

INCREMENTALITY

The project must be incremental to any existing or already planned projects. To demonstrate incrementality, applicants are required to attest that their organization had not already made a decision to implement the project and that it cannot go forward without LCEF funding.

The LCEF is not intended to provide funding to support compliance with existing and announced federal, provincial, territorial legislation, regulations and standards. Applicants will also need to attest that any project activities are not required by existing policies, by-laws, rules, regulations or codes.

5. ASSESSMENT OF GHG REDUCTIONS AND ENERGY SAVINGS

Applicants are required to prepare a GHG reduction estimate for the project using a *Partnerships GHG Workbook*. This workbook must include the assumptions and data required for estimating expected GHG emission reductions associated with the proposal.

The workbook can be accessed through the Online Application Portal. Please review Section 5 of the comprehensive applicant guide for additional guidance on how to complete the GHG workbook.

LCEF funding can only be used for projects that reduce the GHGs listed under the United Nations Framework Convention on Climate Change (UNFCCC) and Canada's National Inventory Report (see list below).



GHGS IN CANADA'S NATIONAL INVENTORY REPORT

GREENHOUSE GAS	FORMULA
Carbon dioxide	CO ₂
Methane	CH ₄
Nitrous oxide	N ₂ O
Hydrofluorocarbons	HFCs
Perfluorocarbons	PFCs
Sulphur hexafluoride	SF ₆
Nitrogen trifluoride	NF ₃

6. WORK PLAN, TECHNICAL FEASIBILITY AND RISKS

Applicants are required to submit one detailed Partnerships *Work Breakdown Structure (WBS) and Budget Workbook* along with their proposal that clearly outlines key tasks and timelines for each project. More detailed guidance can be found directly in the *Partnerships WBS and Budget Workbook*.

Please refer to Section 6 of the comprehensive Applicant Guide for information on completing the work plan and risk section of the application.

7. OTHER POTENTIAL BENEFITS AND PROJECT CONSIDERATIONS

The Challenge supports projects that contribute to Canada's environmental, economic and social objectives. As such, applicants are to identify whether opportunities to meet these goals, or "co-benefits", may occur. These include:

- **Clean Growth:** Job creation, replicability, best-in-class technology and ambitious targets.
 - Job creation includes the number of permanent jobs created as well as other considerations.
 - Replicability includes whether the project has the potential to be replicated elsewhere or enables similar projects to be undertaken in Canada in the future.
 - Best-in-class technologies includes projects that implement the highest current performance level in technologies or practices.
 - Ambitious targets includes projects that seek to go beyond standard or familiar methods of reducing GHG emissions, deepening specific reductions and widening the scope to achieve as much decarbonization as possible for their given project.



- **Other Environmental Benefits** (excluding greenhouse gas emission reduction): Air quality benefits, ecosystem or biodiversity benefits, land or forestry benefits, adaptation to climate change.
- **Indigenous:** Creation of positive impacts for First Nations, Métis or Inuit communities or organizations.

Additional information on co-benefits is available in Section 7 of the comprehensive Applicant Guide.

8. DUTY TO CONSULT

Note that the Government of Canada may have a legal duty to consult with, and if applicable, accommodate, Indigenous peoples when it contemplates conduct that might adversely impact Aboriginal or treaty rights. These rights include, but are not limited to, the right to hunt, fish, and practice traditional activities and ceremonies.

9. MONITORING, REPORTING AND VERIFICATION

Successful applicants will be required to provide progress reports on results achieved at specific intervals that include, at a minimum, progress towards project implementation and up-to-date GHG reductions estimates, including whether any assumptions used to estimate GHG emissions have changed.

10. SERVICE STANDARD AND POINT OF CONTACT

CHALLENGE APPLICATION SERVICE STANDARDS

SERVICE	STANDARD
General email acknowledgement	Within 10 business days of receipt
Application determination	Within 70 business days of the deadline to submit
Provision of the funding agreement	Upon notification of approval-in-principle





Appendix A

GCKey and Single Window Information
Management (SWIM)

APPENDIX A: GCKEY AND SINGLE WINDOW INFORMATION MANAGEMENT (SWIM)

Applicants submitting an Application to the Challenge will require a GCKey to access the online application form located in Environment Climate Change Canada's (ECCC) Single Window Information Management (SWIM) system. A GCKey is a unique credential that protects your communications with online Government programs and services. If applicants do not have a GCKey please visit the [SWIM website](#) and select "continue to GCKey". Once re-directed to the GCKey website select 'sign up' and follow the instructions.

Once applicants have successfully created a GCKey, they will need to log-in and create a SWIM account to access the application form.

If this is the first time you are using the SWIM system, please follow these steps to log in. For additional guidance on reporting through ECCC's SWIM system please visit: www.canada.ca/en/environment-climate-change/services/reporting-through-single-window.html.

1. Go to [Environment and Climate Change Canada's Single Window](#) and select the language you wish to use.
2. Log in to the SWIM system with your GCKey.
3. Follow the on-screen instructions to create an account.
4. When the confirmation message appears, select Continue to enter the Single Window system.
5. Enter your email address on SWIM's New User screen when prompted and select Search.
6. As a new registrant, you will not appear in the system at this point. Click on Continue to navigate to My Profile.
7. From there, you can set up your profile. When finished click Save.
8. You now have a SWIM account.
9. You can follow the steps outlined above for "Returning users" the next time you log into the Single Window system.

