

Funding Guide

RENEWABLE ENERGY FOR REMOTE COMMUNITIES PROGRAM

Delivered in remote communities in British Columbia under the CleanBC initiative

INTRODUCTION

The purpose of this document is to provide funding guidelines for the Renewable Energy for Remote Communities program (RERC) as required by the Ministry of Energy, Mines, and Petroleum Resources (MEMPR) for delivery by the [Fraser Basin Council](#) (FBC) in remote communities in B.C, situated outside the Great Bear Rainforest and Haida Gwaii.

PROGRAM OVERVIEW

The Renewable Energy for Remote Communities program is a key part of the CleanBC Remote Community Energy Strategy (RCES), announced in the Province of British Columbia's ("B.C.") [CleanBC plan](#). CleanBC contains actions to reduce greenhouse gas (GHG) emissions and to build the local and regional economies. By 2030, the strategy aims to reduce province-wide diesel consumption for generating electricity in remote communities by 80%. Fraser Basin Council is one of two delivery organizations that will coordinate and invest RERC funds with remote communities for the Province. FBC is responsible for investing the RERC funds in renewable energy projects within 20 eligible remote communities. [Coast Funds](#) is responsible for RERC funds investment in 11 First Nations communities within the Great Bear Rainforest and Haida Gwaii regions.

PROGRAM GOALS

The goal of the program is to facilitate the displacement of diesel electricity generation by:

- Constructing renewable electricity generation projects that decarbonize remote energy systems; and
- Enhancing social and economic resilience in remote communities that are diesel-dependent.

ELIGIBLE FIRST NATIONS AND LOCAL GOVERNMENTS

The Province aims to reduce diesel consumption for generating electricity in remote communities, targeting the largest diesel-powered electricity generation stations in B.C. To work towards accomplishing this goal, the Province has made \$8.4 M available to one or more of the following eligible First Nations and local governments:

- Anahim Lake - Cariboo Regional District
- Bull Harbour – Tlatlasikwala First Nation
- Elhlateese – Uchucklesaht Tribe Government
- Firvale – Central Coast Regional District
- Fort Ware - Kwadacha First Nation
- Good Hope Lake - Dease River First Nation
- Hagensborg – Central Coast Regional District
- Hot Springs Cove – Hesquiaht First Nation
- Jade City
- Kluskus Lake – Lhoosk’uz Dené
- Nimpo Lake – Cariboo Regional District
- Sandspit - Skeena- North Coast Regional District
- Telegraph Creek – Tahltan Nation
- Tlell - Skeena- North Coast Regional District
- Toad River – Northern Rockies Regional Municipality
- Tsay Keh Dene Nation
- Village of Masset
- Village of Port Clements
- Village of Queen Charlotte
- Xení Gwet’in First Nations Government

Eligible applicants include:

1. The eligible First Nation or local government;
2. Delegated agents of an eligible First Nation or local government; or
3. An entity wholly- or majority-owned by an eligible First Nation or local government.

APPLICATION PROCESS

Fraser Basin Council will support First Nations and local governments through a highly collaborative application process, reflecting the belief that sustainable change is achieved through partnership and empowerment, not prescriptive solutions. Where an applicant or a project is deemed ineligible by Fraser Basin Council in receiving the fund, FBC will refer the applicant to the Province of B.C. who will provide support to identify alternate potential funding sources.

PROJECT STREAMS

The Province of B.C. has established that 80% or more of the total funding available will be allocated to major projects and minor projects will be funded up to 20% of the funding available. As a result, the program has two project streams:

MAJOR PROJECTS

- Projects with a capital budget greater than or equal to \$500,000

MINOR PROJECTS

- Projects with a total capital budget less than \$500,000

MINIMUM REQUIREMENTS

ALL PROJECTS

1. All applications must be endorsed by the eligible First Nation's governing council or in the case of non-First Nation applicants, the local government.
2. Only one project application may be submitted per applicant.

MAJOR PROJECTS

1. Applications must be for capital projects that use proven and commercialized technologies to displace some or all of the diesel used by the community to generate electricity. Certain activities may not be eligible for funding. Appendix A provides a list of eligible project types as well as ineligible activities.
2. Applications must include design and implementation details and a business plan to demonstrate that the project is ready for tender. Projects must have received all or most permits or approvals.
3. Applications must detail other project contributions. Project funding may include own-source revenue, in-kind contributions, debt financing, or grants and contributions from other agencies.
4. Applications must include an up-to-date Community Energy Plan (CEP), Community Energy and Emissions Plan (CEEP), Community Energy Management Plan (CEMP), or equivalent, describing the Community's decarbonization strategy.

MINOR PROJECTS

1. Applications must be for capital projects that use commercially-available technologies to displace some or all the diesel used by the community to generate electricity. Certain activities may not be eligible for funding. Appendix A provides a list of eligible project types as well as ineligible activities.
2. Projects must have completed all feasibility studies and have a business plan.
3. Applicants must contribute a portion of their own financial resources to the proposed project. This may include own-source revenue, in-kind contributions, or debt financing.

KEY CRITERIA IN DETERMINING FUNDING DECISIONS

The program is governed with a Joint Review Committee (JRC) that is responsible for reviewing all applications (both major and minor), providing an assessment and ranking according to the evaluation criteria established by the Province of B.C., and providing funding recommendations to Fraser Basin Council for decision.

All eligible projects will be assessed by Fraser Basin Council’s staff who will support the JRC by preparing all application materials in order to complete the committee’s independent ranking and evaluation process. The following table outlines the criteria that will be used by the JRC to prioritize projects for funding:

RANKING FACTOR	SCORE	CRITERIA
GHG REDUCTION a) Project GHG Displacement b) RERC Funding Request c) Aggregate Estimates Robustness Factor (RF; 1, 0.75, 0.5) d) Funding Request per Tonne	/30	What CO ₂ e reductions will the project achieve? How much funding is the applicant requesting? How strong is the GHG estimate? How cost-effective is the project?
COMMUNITY WELL-BEING a) Social b) Economic c) Environmental	/20	What social, economic and environmental benefits does the project provide?
TECHNICAL a) Technical Feasibility b) Risk Mitigation	/15	How technically sound is the project? How well are technical risks identified and mitigated?
FINANCIAL a) Project Finances b) Project Viability	/15	How strong is the capital planning? How viable is the project in the long-term?
PROJECT MANAGEMENT a) Project Plan and Timetable b) Project Team c) Operations & Maintenance	/10	How reasonable is the project plan and timetable? How strong is the project team, including community resources and consultants? How robust is the operations and maintenance plan?
COMMUNITY ENGAGEMENT a) Community Engagement b) Partnership Creation	/10	How supportive is the community of the project? If applicable, how supportive are other communities on the same micro-grid?
TOTAL	/100	

DEVELOPING PROJECT APPLICATIONS

PROJECT CONCEPT

Fraser Basin Council staff will work closely with applicants from eligible communities in the early stages of developing a project concept. Staff will confirm that a project concept meets the eligibility criteria to proceed to a full application. To determine a project's eligibility, applicants are encouraged to submit an Expression of Interest using the application form as early as possible during the project concept stage.

PROJECT APPLICATION

Please see the [Fraser Basin Council website](#) to download the application form. All funding applications must include:

1. Name of eligible First Nation, local or regional government or other organization or individual applying for funding (in which case, name of the eligible community that will endorse the application);
2. Funding amount requested;
3. A brief description of the nature of the renewable electricity project, and an explanation of how it aligns with the Program Goals;
4. Explanation of the scope of work of the project, activities to be funded, along with specific deliverables of the work for which funding is being requested, and the project time period with start and end dates;
5. A detailed capital expenditure budget for the project investment, including valid quotations for materials and construction.
6. A project plan and schedule that details the project activities and deliverables.
7. A business plan to demonstrate the economic viability of the project.
8. An operations and maintenance plan to demonstrate how the proposed project will run in the future.
9. Team biographies and/or resumes to demonstrate the management team's experience and qualifications in managing the proposed project.
10. Completed feasibility studies to demonstrate the feasibility of the proposed project.
11. Endorsement from the First Nation's governing council or local government supporting the proposed project application and funding request.
12. A board resolution supporting the proposed project application and funding request if the application is submitted by a First Nation's majority-owned company (i.e. a development corporation).
13. Engineering design and implementation details to demonstrate that the project is ready for tender (applicable for all Major Projects).
14. All permits and regulatory approvals that have been secured for the project (applicable for all Major Projects).
15. An up-to-date Community Energy Plan, Community Energy Management Plan, Community Energy and Emissions Plan or equivalent describing the community's decarbonizing strategy (applicable for all Major Projects).

REVIEW AND APPROVAL

Fraser Basin Council staff will collaborate with every applicant throughout the review and approval process and expediently address any questions regarding project eligibility and viability with the community. As mentioned above, all eligible projects will be reviewed and ranked by the Joint Review Committee (JRC), and the JRC will provide funding recommendations to FBC's operations committee. Fraser Basin Council will not approve any applications that have not been recommended by the JRC. Fraser Basin Council can, however, decline a funding application recommended by the JRC (e.g. if the business plan is not deemed financially viable), and that application will be returned to the JRC for review at a future program funding intake, if funding remains.

In the event that the value of the applications received and reviewed by the JRC are in excess of the available funding, the JRC may recommend lower ranked projects or a combination of projects to maximize the investment based in the funding available.

The JRC is made up of stakeholder organizations appointed by the Province of B.C. whose members have knowledge, experience, and expertise relevant to the fund goals outlined above. Individuals from the following organizations will make up the composition of the JRC: Ministry of Energy, Mines, and Petroleum Resources (2), Coast Funds (executive director) (1), Fraser Basin Council (1), Remote Communities/Indigenous Organizations (2), BC Hydro (1), Indigenous Services Canada (1), and Ministry of Indigenous Relations and Reconciliation (1).

The JRC will recommend projects for approval based on the following considerations:

- Meets all minimum requirements; and
- The scores achieved in the ranking system (as outlined on page 3).

The funding recommendations from the JRC will be made to FBC's operations committee through a minuted resolution. The recommendations will include:

- Key issues and considerations;
- Conditions and estimated timeline for disbursement of funds; and
- Interim and final reporting requirements.

If an application is not approved, due consideration will then be given to facilitating the provision of support to the applicant by the Fraser Basin Council for the purpose of enabling the re-submission of a successful funding application.

MONITORING, REPORTING AND PROJECT EVALUATION

A funding agreement must be signed by Fraser Basin Council and the applicant prior to disbursement of any funds. The funding agreement will address:

- Disbursements conditions and estimated timeline; and
- Reporting requirements.

As required by the Province of B.C., up to 40% of the funding contribution may be disbursed once a funding agreement has been signed and all subsequent disbursements will be based on achieving project milestones as outlined in the signed funding agreement.

The applicant will be required to submit progress reports and a final report that demonstrate appropriate monitoring and evaluation including the degree of success in achieving stated objectives as presented in the approved funding application.

Fraser Basin Council staff will be responsible for monitoring compliance with the terms of the funding agreement and evaluating the outcomes of all funded projects.

Appendix A

EXAMPLES OF ELIGIBLE AND INELIGIBLE PROJECT TYPES, ELIGIBLE AND INELIGIBLE COSTS, AND ACTIVITIES NOT ELIGIBLE FOR FUNDING

Project types which are eligible for funding:

1. Micro-hydro;
2. Wind;
3. Solar photo-voltaic (not solar thermal);
4. Co-generation biomass projects, i.e. combined heat and power;
5. Subsystems (batteries, inverters, and micro-grid controls) that enable GHG emissions reductions through a renewable electricity generation project;
6. Transmission systems that enable GHG emissions reductions through a renewable electricity generation project; or
7. Some combination of the above, provided the combination of technologies has been proven elsewhere.

Project types which are ineligible for funding:

1. Heating systems other than co-generation;
2. Geothermal;
3. Tidal; and
4. Non-commercial technologies.

Eligible Costs

Eligible costs are all direct costs properly and reasonably incurred and paid specifically to the project. Eligible costs include:

1. Professional and technical services (eg. engineering);
2. Contract labour and equipment for project construction, including site preparation;
3. Training costs directly related to the construction and/or the operations and maintenance of the project;
4. Overhead costs (eg. administrative costs, office supplies, printing) below 10% of the total project cost;
5. The incremental costs of employees who are directly involved in the construction of the project;
6. Travel (transportation, accommodation, meals and allowances);
7. Technology procurement; and
8. Associated materials.

Ineligible Costs:

The following are deemed ineligible costs:

1. Preliminary planning and design work;
2. Costs related to developing a funding application and application supporting documentation;
3. Costs incurred for cancelled projects;
4. Land acquisition;
5. Real estate and other fees related to purchasing land and buildings;
6. Financing charges, legal fees, and interest payments on loans, including those related to easements (eg. associated surveys);
7. Salaries and other employment benefits for costs associated with operating expenses and regularly scheduled maintenance work, and any costs related to the activities normally carried out by existing staff, except those indicated in Eligible Costs;
8. Costs associated with operating expenses and regularly scheduled maintenance work;
9. Leasing land, buildings and other facilities;

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10. Leasing of equipment other than equipment directly related to the construction of the project;
11. Costs related to furnishing and non-fixed assets which are not essential for the operation of the asset/project;
12. Any goods and services costs which are received through donations or in kind; and
13. Taxes for which the ultimate recipient is eligible for a tax rebate and all other costs eligible for rebates.

Funding will not be approved for any of the following activities:

1. Any activity inconsistent with any ecosystem-based management (EBM) land and resource management objectives;
2. Any financial costs or obligations incurred by First Nations with respect to any consultations with any government or corporation concerning that government or corporation's duty to consult or accommodate;
3. Costs associated with meeting statutory obligations of the provincial or federal governments or other entities. This restriction is not intended to preclude the funding of negotiations or discussions between eligible First Nations and the provincial or federal governments regarding the implementation of a clean energy project;
4. Political activities as defined by the Income Tax Act; and
5. Any activity or expenditure for initiatives not consistent with provincial laws, permits, regulations, established policies, orders and/or approvals.
6. In no event will funding be provided or expenditures incurred prior to the date the funding agreement is signed.