



LARGE EMITTERS GHG REDUCING INVESTMENT GRANT PROGRAM POLICY

PURPOSE

This policy provides guidelines for the administration of the Large Emitter Greenhouse Gas (GHG) -Reducing Investment Grant Program for prescribed large emitters pursuant to the *Petroleum Products and Carbon Tax Regulations*.

SCOPE

This policy applies to large emitters identified in the *Petroleum Products and Carbon Tax Regulations*. Large emitters are generally defined as facilities that emit greater than 50 kilotonnes of greenhouse gas emissions annually as determined using the NWT carbon/fuel tax database.

BACKGROUND

Under the *Petroleum Products and Carbon Tax Regulations*, the GNWT sets aside twelve per cent (12%) of the total carbon tax paid by a prescribed large emitter during a fiscal year and makes the fund available to this emitter as a Large Emitter GHG-Reducing Investment Grant when the emitter undertakes projects that contribute to a reduction of greenhouse gas emissions in the Northwest Territories.

POLICY FRAMEWORK

1. The twelve percent (12%) of total carbon tax paid during the fiscal year (“yearly contribution”) by each emitter is set aside and not recognized as carbon tax revenue for the government when received.
2. An individual file is maintained for each emitter (“emitter’s account”) that tracks its yearly contributions and any grants subsequently issued to the emitter. Yearly contributions increase the balance in the emitter’s account, and any grants issued to the emitter reduce the balance.
3. Within two years after the completion of an Emissions Reduction project, the emitter may apply to the Minister of Finance for a grant to help offset the costs of the project.
4. Once approved, a grant payment is issued to the emitter. The payment cannot exceed the balance in the emitter’s account.



5. As the costs of an approved project can exceed the emitter's account balance at the time of the grant application, a grant related to the project can be paid out in multiple years until the costs of the project have been fully offset, subject to the carrying balance in the emitter's account.
6. Planned projects can be pre-approved, provided the completed project meets the grant eligibility criteria. Grants are not issued until the projects are complete.
7. Unused yearly contributions expire at the end of the fifth fiscal year following the fiscal year in which they were made are removed from the emitter's account. Expired unused yearly contributions become carbon tax revenue for the government to be invested in further GHG reducing investments.
8. When an emitter ceases its operations in the NWT, any balance remaining in the emitter's account becomes carbon tax revenue for the government to be invested in further carbon tax initiatives .

GRANT ELIGIBILITY CRITERIA

The application-based grant is for investments at the large emitter's operation that reduce its GHG emissions, including but not limited to:

- Replacing equipment with more energy efficient equipment;
- Investing in alternative energy technology (such as solar/wind/biomass/heat capture) that replaces existing carbon-based fuel consumption; and
- Renovations to operations that can be demonstrated to reduce carbon-based fuel consumption.

Projects may be submitted for pre-approval but grants are not issued until the projects are complete.

Eligible GHG-reducing investments must be made after September 1, 2019 and must demonstrate through an independent engineering assessment that the investment reduces the emitter's annual GHG emissions by 5% relative to a project baseline, business-as-usual scenario.



GHG-REDUCING INVESTMENT GRANT MECHANICS

The large emitter will apply to the GNWT for the grant.

Upon receiving a written request for a grant from the emitter, the GNWT will follow a 3-step process:

- Step 1: review the grant application for completeness with all relevant supporting documents submitted including verification of the estimated reductions in GHG emissions by third party engineering reports.
- Step 2: verify that the application meets the threshold for necessary GHG reductions by reviewing the independent engineering report provided by the applicant.
- Step 3: Approve or reject the application. If the application is approved, the GNWT issues the grant based on the balance in the applicant's account. If the grant exceeds the balance, payments for the grant will continue in subsequent years until the grant is paid off, subject to the accumulation of future yearly contributions by the emitter in its account.

HOW TO APPLY FOR EMISSIONS REDUCTION GRANTS

The emitter applies for the grant by way of a letter addressed to:

Director – Fiscal Policy
GNWT Department of Finance
P.O Box 1320, L-5
Yellowknife, NT Canada, X1A 2L9
Tel: (867) 767-9158

The letter should enclose copies of all documents that the emitter deems relevant to support its grant application.