ALBERTA INNOVATES

PROGRAM GUIDE: THE CLEAN TECHNOLOGY BUSINESS INNOVATION VOUCHER PROGRAM

Part of the Climate Change Innovation and Technology Framework

PROGRAM OVERVIEW

Background

In December 2017, the Government of Alberta (GOA) published the Climate Change Innovation and Technology Framework (CCITF) as the overarching guide for the government's investments in innovation and technology to reduce greenhouse gas (GHG) emissions, while preparing our province for the lower carbon economy of tomorrow. Alberta Innovates, on behalf of Economic Development & Trade, is offering five programs: Clean Technology Development, Clean Technology Networks & Emerging Partnerships, Clean Technology Commercialization, Clean Technology Business Innovation Vouchers, and Clean Technology Facilities Support.

Alberta businesses can be improved and use clean technology as a growth strategy; however, a significant barrier to clean technology adoption is in-depth market knowledge and a plan specific to each business with decision-making support.

The **Clean Technology Business Innovation (CTBI) Voucher** program focuses on the following priority sectors: methane emissions reduction, low carbon electricity, waste to value added products, green buildings, energy efficiency. The program is designed to encourage and support Alberta's established Small and Medium Enterprises (SMEs) to pursue growth opportunities in the low carbon economy by:

- identifying productivity and growth opportunities through holistic business audits and plans that lead to:
  - low carbon technology adoption for industrial efficiency, and/or productivity enhancement; and/or
  - product or service iterations and/or new geographical or vertical market entry into low carbon industries; and
- providing non-dilutive funding to implement plans and connection to other leveraged funding and supports such as the Accelerated Growth Services program delivered by the federal government.

With the help of Alberta Innovates Technology Development Advisors (TDAs), those SMEs which have demonstrated commercial success, a strong management team and a desire to pursue significant growth opportunities in low carbon economy, will determine if this program is right for them.

The SME will develop a holistic plan which may include a single project or a combination of different activities in the above identified priority sectors that include improving their own internal productivity or energy efficiency through clean technology adoption, re-designing existing products, and/or adding new products or marketplaces to strengthen their position in the low carbon marketplace. A methodology for measuring greenhouse gas (GHG) reductions and project outcomes is essential in the completion of this plan.

Program Details

The CTBI Voucher has two phases: Stream 1 and Stream 2.

When the TDA and SME together determine the SME requires the services of a consultant with expertise in this area (Service Provider), the SME can apply for Stream 1 CTBI Voucher.

The purpose of a Stream 1 CTBI voucher is to assist Alberta SMEs with that all-important first step of identifying specifically how their business can effectively and profitably make use of clean energy options and how to measure the results. Utilizing the expertise of their Service Provider, SMEs will develop a low carbon plan that works for their business. Options may include internal operational functions like business and process adaptions, productivity enhancements, cost containment with energy efficiency, or automation. Business growth includes options like product iteration, new geographic markets, and new verticals that result in either greenhouse gas reduction or entry into a new low carbon marketplace. The intent of the Stream 1 voucher is to support the client in making objective strategic decisions and create an implementation plan that will result in reduced greenhouse gas emissions (GHG), job creation, increased revenue and exports.

A Stream 2 voucher is available as seed funding to implement the low carbon plan developed through the Stream 1 voucher. This stream is a large undertaking, and is expected to require funding from the company and more than one source to succeed.

Key technology opportunities: energy efficiency solutions, green building solutions contributing to less GHG-intensive building practices and operating costs, and adapting existing products to improved GHG emissions.

HOW THE PROGRAM WORKS

Eligibility

(a) Applicant Eligibility Criteria - To qualify as an Applicant, an SME is required to satisfy the following criteria:

- have an established relationship with an Alberta Innovates TDA;
- be an existing, viable, for-profit SME with a physical presence in Alberta;
- meet the following definition of an SME: a company with fewer than 500 Full Time employees, and less than $50,000,000 annual gross revenue;
- be a legal entity:
  - incorporated in Alberta; or
  - incorporated federally or in another jurisdiction AND extra-provincially registered in Alberta; or
  - a General Partnership, Limited Partnership or Limited Liability Partnership AND registered in Alberta;
- demonstrate the relationship between the Applicant and the Service Provider in Stream 1 does not create a conflict of interest; and
- have no outstanding balance or otherwise owe money or reports to Alberta Innovates or its subsidiaries.

(b) Project Eligibility Criteria

To qualify for funding through Stream 1, all projects must have the participation of both an Alberta based SME as the Applicant and one Service Provider.

To qualify for funding through Stream 2, all projects must have an Alberta based SME as the Applicant who has successfully completed Stream 1. Any additional participants will be sub-contractors to the Applicant.

To qualify for funding in either Stream 1 or Stream 2, all projects must:

- start after the execution of the Agreement between Alberta Innovates, the Applicant, and, in the case of Stream 1, the Service Provider;
- be stepped with critical “go/no go” milestones;
- be completed within one (1) year unless an extension is specifically approved in writing by Alberta Innovates; and
- submit to other criteria that Alberta Innovates may develop from time to time.

Performance Management and Evaluation

Over the life of a project, Alberta Innovates employs an active project management philosophy, regularly monitoring performance and supporting the Applicant and Industry Partner to reach their outcomes. Funding is tied to outcomes and achievement of results and submission of progress and performance reports. For this reason, Alberta Innovates funds on a milestone completion basis. This means the Applicant and Industry Partner are expected to complete a task and submit a progress report before Alberta Innovates advances the next tranche of funds. Failure to complete annual performance reporting will also impact fund release.

All investment agreements outline the intended outcomes of the program and the corresponding performance indicators (measures) that will be tracked over the course of the project. Specific performance indicators will also be developed at the level of the individual project given the uniqueness of each project. The Applicant is responsible for annually reporting on all required indicators to Alberta Innovates.

The annual performance reports are used to inform program planning and performance management. The Program level performance results will be communicated back to Applicants, key stakeholders and the public.

Once projects are completed, Alberta Innovates continues to monitor performance for an additional five-year period to accurately evaluate the economic, environmental and social benefits realized for Albertans and our province.

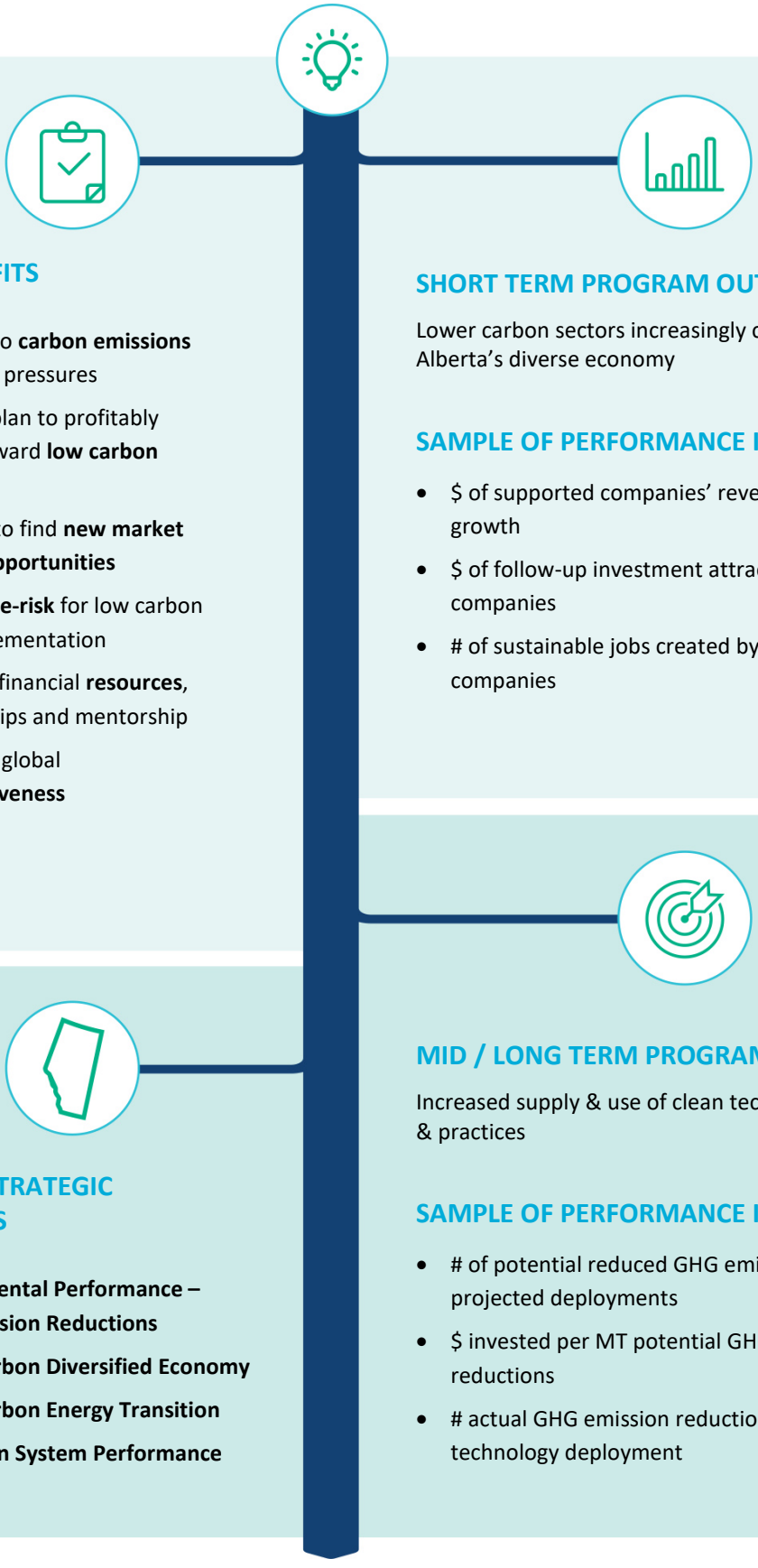
A results-focused organization, Alberta Innovates uses a performance management framework to monitor and evaluate the outcomes and impacts of its investments. The Applicant is responsible for annually reporting on all required indicators to Alberta Innovates.

The Clean Technology Business Innovation Program contributes to the strategic outcomes of the Climate Change Innovation and Technology Framework (CCITF).

> ***CCITF Vision:*** *By year 2030, Alberta's use of innovation and clean technology ("Clean Innovation") will accelerate the shift to lower carbon economy, generating significant environmental and economic benefits.*

Short, mid and long-term program outcomes and a sample of key performance indicators are highlighted in the following diagram.

Pathway to Outcomes



SME BENEFITS

- Respond to **carbon emissions reduction** pressures
- Design a plan to profitably evolve toward **low carbon** economy
- Innovate to find **new market growth opportunities**
- **Funding de-risk** for low carbon plan implementation
- Access to financial **resources**, relationships and mentorship
- Increased global **competitiveness**

SHORT TERM PROGRAM OUTCOMES

Lower carbon sectors increasingly contribute to Alberta's diverse economy

SAMPLE OF PERFORMANCE INDICATORS

- $ of supported companies' revenue and export growth
- $ of follow-up investment attracted to supported companies
- # of sustainable jobs created by supported companies

ALBERTA STRATEGIC OUTCOMES

- **Environmental Performance – GHG Emission Reductions**
- **Lower Carbon Diversified Economy**
- **Lower Carbon Energy Transition**
- **Innovation System Performance**

MID / LONG TERM PROGRAM OUTCOMES

Increased supply & use of clean technology, products & practices

SAMPLE OF PERFORMANCE INDICATORS

- # of potential reduced GHG emissions from projected deployments
- $ invested per MT potential GHG emissions and reductions
- # actual GHG emission reductions from new clean technology deployment

How Funding Works

(a) Project Funding

The program is a "matching" grant program, meaning Alberta Innovates will invest up to 50% of the total eligible project costs, up to a maximum for each stream. The maximum Alberta Innovates investment is up to $20,000 for Stream 1, and up to $100,000 for Stream 2. Specific to Stream 2, up to 50% of the applicant contribution may be in-kind. If the project is more than the combined allowable total (i.e. $40,000 for Stream 1, and $200,000 for Stream 2), it is the applicant's responsibility to source the other funding. A government funding (municipal, provincial, federal) stacking limit from Alberta Innovates will not apply to this extra funding, though limits may exist with other funders. Any deposits required by the service provider are to be paid by the client.

Funding for Stream 1 will be paid directly to the Service Provider, based on approved project milestones. Funding for Stream 2, will be paid directly to the applicant. Payments for both Streams will be dispersed at the end of each milestone, based on milestone proof, over the maximum one-year project.

The Clean Technology Business Innovation Voucher program:

- *Stream 1 - Low Carbon Plan development with funding up to $20,000 over a one-year term*
- *Stream 2 – Implementation of the Low Carbon Plan with funding up to $100,000 over a one-year term.*

(b) Eligible and ineligible expenses

Alberta Innovates funds expenses directly attributable to the performance of agreed upon projects. All costs incurred must be critical to the performance of the project, as outlined in the application.

Alberta Innovates only funds reasonable costs incurred as defined in the investment agreement after it has been executed.

For a high-level summary of eligible and ineligible expenses please refer to the chart in Appendix A.

HOW TO APPLY

The Clean Technology Business Innovation Voucher Program is delivered in four phases.

PHASE 1

Relationship with a TDA & Program Fit

Alberta Innovates TDAs work with the SME to determine if the program is a fit for the SME.

Requirements for Applicants and key performance indicators for a successful consulting project are defined.

PHASE 2

Stream 1 Voucher: Low Carbon Plan Development

With the support of their TDA, Alberta based SMEs who fit the eligibility criteria apply, outlining their defined needs to address the move to clean energy, together with details of their business readiness and an estimated overall consulting project plan.

For current Competition timelines, please see the CCITF landing page.

PHASE 3

Stream 2 Voucher: Implementation of Low Carbon Plan

Only applicants who have successfully developed their low carbon plan through Stream 1 are eligible to apply to this stage, which is the active implementation of the plan.

All applications are evaluated.

The applications must include predicted GHG reductions and estimate of increases in jobs, revenues, and exports.

PHASE 4

Project Management

For approved applications of both streams, the applicant will execute an agreement with Alberta Innovates to proceed with the activities of the Project.

Agreement expectations will include:

- participation in project management activities;
- reporting on progress to milestones and budget on a bi-yearly basis during the term of the Agreement; and
- reporting on progress to outcomes on an annual basis during the term of the Agreement and annually for five years after that term.

Project payment is tied to milestone, progress and performance reporting.

APPLICATION REVIEW PROCESS

During the different phases of the program, Alberta Innovates leverages internal staff and external expert reviewers to evaluate applications submitted by SMEs. Alberta Innovates retains the sole right to determine the evaluation process, and does not disclose the names of its external reviewers to ensure their objectivity and impartiality. All external parties are subject to confidentiality, intellectual property management and conflict of interest policies set by Alberta Innovates.

All investment decisions are at the sole discretion of Alberta Innovates.

TERMS AND CONDITIONS

This Program Guide is intended as a high-level overview of the CTBI voucher program. It provides interested SMEs with a roadmap of what to expect over the lifecycle of a project, from the application stage, during the project and post-completion. Should you have any questions about this guide or what is expected, please contact Alberta Innovates. Please be aware Alberta Innovates may modify this guide from time to time in keeping with any changes to the Clean Technology Business Innovation Voucher program, or the Climate Change Innovation and Technology Framework.

Once we have evaluated and approved an application, Alberta Innovates employs a standard form investment agreement. The investment agreement sets out in detail the roles, responsibilities and obligations of the various parties to ensure a successful project. Alberta Innovates will not provide any funding until the Investment agreement has been signed by all parties.

CONTACT INFORMATION

To request an application form or for specific questions regarding this guide, please contact Alistair Hazewinkel (Senior Business Partner, Funding Solutions) at 780-450-5334 or Alistair.hazewinke@albertainnovates.ca

APPENDIX A

Summary of Eligible and Ineligible Expenses

Category	Eligible Expenses	Ineligible Expenses
Labour	✔ Salary and benefits for individuals who are specifically working on the project, at reasonable market levels	✖ Overhead costs charged to employee labour rates ✖ Professional training & development ✖ Professional fees unless directly related to the project
Materials	✔ Reasonable material costs	
Capital Assets & Software	✔ Capital improvements ✔ Capital equipment ✔ Software or information databases ***Note:*** *Eligible costs will be pro-rated to the project time frame based on the asset's expected economic life*	✖ Acquisitions of land or buildings ✖ The undepreciated value of eligible capital costs which extends beyond the project timeframe
Travel		✖ Costs relating to meals, entertainment, hospitality and gifts ✖ Passport or immigration fees ✖ Reimbursement for airfare purchased with personal frequent flyer programs ✖ Commuting costs between place of residence and place of employment ✖ Travel, including mileage, airfare, and accommodation for the purposes of executing the project
Sub-contractors	✔ Services or products of another entity	✖ Costs associated with applying for government grants and programs ✖ Provisions for contingencies, technical or professional journals ✖ Routine testing and maintenance
Other	✔ Costs which Alberta Innovates pre-approves in writing as an eligible expense	✖ Collection charges, allowance for interest on debt, fines and penalties ✖ Federal and provincial income taxes, goods and services taxes ✖ Expenses for projects or activities outside the approved Project