

Climate Change Challenge Fund (CCCF)

Program Guidelines

Department of Municipal Affairs and Environment
Climate Change Branch



Funded in part by:
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1.0 Introduction

The Climate Change Challenge Fund (CCCF) is a competitive, application-based grant program designed to support projects that result in material greenhouse gas (GHG) reductions in Newfoundland and Labrador, to be implemented over three fiscal years (2019/20-2021/22).

The CCCF is jointly funded by the Government of Newfoundland and Labrador and the Government of Canada with support from the Low Carbon Economy Leadership Fund, and is delivered by the Department of Municipal Affairs and Environment (“the Department”).

The objectives of the CCCF are to:

- Cost-effectively reduce GHG emissions that contribute to climate change.
- Improve energy efficiency and reduce energy costs.
- Promote growth and job creation.

2.0 How to Apply

To apply for CCCF funding, applicants must:

1. Be eligible to apply.
2. Fill out a CCCF Application Form (https://www.exec.gov.nl.ca/exec/occ/low_carbon_economy_programs/climatechangechallenge.html)
3. Complete a signed project proposal and include supporting documentation (guidance included in CCCF Project Proposal Drafting Guidelines (https://www.exec.gov.nl.ca/exec/occ/low_carbon_economy_programs/climatechangechallenge.html))
4. Submit completed CCCF Application Form, project proposal and supporting documentation:

By Email: climatechange@gov.nl.ca

Or

By Mail: Department of Municipal Affairs and Environment
Climate Change Branch
West Block, Confederation Building
P.O. Box 8700
St. John's, NL A1B 4J6

3.0 Priority Areas

The target areas for investment under the CCCF are:

- energy efficiency and fuel switching in the commercial, industrial, and public sectors;
- process changes in the industrial sector;
- reducing GHG emissions in the forestry, agricultural and waste sectors, including carbon sinks and methane destruction; and
- transportation retrofits (e.g., forklifts, marine vessels).

4.0 Eligibility Criteria

4.1 Eligible Applicants

The following entities are eligible to receive funding under the CCCF:

- Private sector, for-profit organizations including:
 - primary agriculture, forestry and fishing;
 - electricity generation;
 - mining and quarrying;
 - oil and gas;
 - manufacturing;
 - transportation; and
 - commercial sector, including wholesale/retail trade, warehousing, business and professional services, information services, arts, environmental services, waste management, recreation, accommodations food and related services;
- not-for-profit organizations;
- public sector bodies or boards that are established by or under provincial statute or regulation or are wholly owned by a province or local or regional government;
- municipal governments established by or under provincial statute and municipal organizations; and
- Indigenous governments and organizations.

4.2 Project Eligibility

The following table outlines the general types of eligible and ineligible projects under the CCCF; however, the list is not exhaustive.

Applicants are encouraged to contact the Department to determine project eligibility if the project type is not listed below. Contact details are listed in **Section 10.0**.

	Eligible Project Types (examples)	Ineligible Project Types (examples)
<p>All Projects</p>	<p>Projects must be located in Newfoundland and Labrador.</p> <p>The project must result in incremental GHG reductions and these reductions must occur in Newfoundland and Labrador.</p> <p>The project must deliver material GHG reductions cost-effectively.</p>	<p>Projects that do not result in material GHG reductions.</p> <p>Projects not located in Newfoundland and Labrador or where the majority of GHG reductions are expected to occur outside Newfoundland and Labrador.</p> <p>Research, development and demonstration projects.</p> <p>Educational or capacity building initiatives.</p> <p>Engineering, feasibility and/or scoping studies necessary to determine viability of a project.</p>
<p>Energy Projects</p>	<p>Energy efficiency retrofits that result in the reduction of on-site fossil fuel use.</p> <p>On-site (i.e., within the project boundary) fuel switching to lower-carbon energy sources (e.g., electricity; biomass) in existing buildings and facilities.¹</p> <p>New renewable on-site energy production and retrofits to existing on-site energy production for own-use that results in the reduction of fossil fuel use, including own-use biogas.</p> <p>On-site combined heat and power for own-use that results in reduced fossil fuel usage.</p> <p>Process changes in the commercial and industrial sectors that result in reduced fossil fuel usage.</p> <p>Retrofits to existing mobile equipment, marine vessels and locomotives that results in the reduction of fossil fuel use.</p>	<p>Construction of new buildings or extensions to existing buildings.</p> <p>Enhanced energy efficiency in new buildings or facilities (e.g., pursuing Leadership in Energy and Environmental Design standards).</p> <p>Electricity transmission and distribution infrastructure (including electric vehicle charging stations).</p> <p>Electricity production for sale on market, including net metering and biogas initiatives that are connected to the electricity grid.</p> <p>Purchase of new means of transportation, including marine vessels, locomotives, and buses.</p> <p>Public transit infrastructure and new public transit vehicles.</p> <p>Energy efficiency projects that primarily derive GHG reductions through foregone electricity generation from Newfoundland and Labrador Hydro or other electricity service providers.¹</p> <p>Projects that primarily result in reduction of GHGs by other entities outside the scope and control of the project (e.g., reduced transportation GHG emissions outside of the project boundary).</p>

Non-energy Projects and Industrial Processes	Carbon sequestration (i.e. enhancing carbon sinks in the agriculture and forestry sectors). Methane capture and destruction in the agriculture and waste sectors. Reduced Hydrofluorocarbon (HFC) and Perfluorocarbon (PFC) use.	Reforestation that is required by regulation.
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1. Fuel switching to electricity generated by Newfoundland and Labrador Hydro in isolated communities is not eligible unless a project results in decreased GHG emissions from both electricity generation as well as on-site GHG emissions.

4.3 Specific Project Criteria

The project must be fully identified and described in the application. The CCCF will not fund a project where activities or locations have not been confirmed in a CCCF application.

Project expenditures must be incurred by March 31, 2022 or the end date of the CCCF Contribution Agreement (see **Section 5.5**) executed between the recipient and the Department, whichever is sooner.

5.0 Funding Criteria

Successful applicants will be eligible to receive a non-repayable grant for eligible expenditures in accordance with the funding criteria listed below and the terms and conditions of the Program Guidelines.

The minimum total CCCF funding grant, including stacking as described in **Section 5.2**, is **\$50,000** (this includes both federal and provincial contributions). As a result, the minimum total project value for each type of applicant must be as follows, given that the CCCF contribution varies depending on the type of applicant:

	For-Profit	Not-for-Profit Organizations	Public Sector Bodies or Boards	Municipal Governments	Indigenous Governments and Organizations*
Minimum total project value	\$100,000	\$77,000	\$66,500	\$68,500	\$50,000
Minimum eligible CCCF Grant (assuming no stacking as described in Section 5.2)	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000

Minimum share from other funding entities not included in Section 5.2 and the applicant	\$50,000	\$27,000	\$16,500	\$18,500	\$0
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*CCCF projects proposed on federal Indian Reserves will not be eligible for provincial funding.

There is no maximum funding request per applicant; however, the Department reserves the right to limit the amount of funding provided in support of any one project in the case of a single project, or to any one applicant in the case of multiple projects.

Funding recipients (except eligible Indigenous government and organizations) must provide monetary contribution for their share of eligible expenditures for the project; in-kind contributions will not be recognized.

Multi-year funding will be considered provided that all project expenditures are incurred by March 31, 2022.

Payment of grants will be made in arrears on the receipt of satisfactory reporting on project milestones and deliverables.

Similar to other Provincial Government programs which involve multi-year funding, in the case of projects spanning multiple fiscal years, funding for future fiscal years is contingent on the provision of appropriations in the provincial legislature.

5.1 Cost-Share Levels

Successful applicants are eligible to receive grant funding for the eligible expenditures of an approved CCCF project in accordance with the following table:

	For-Profit	Not-for-Profit Organizations	Public Sector Bodies or Boards	Municipal Governments	Indigenous Governments and Organizations*
Maximum CCCF Cost-Share	50%	65%	75%	73.33%	100%
Maximum Federal Cost Share (from all federal sources (See section 5.2))	25%	40%	50%	40%	75%

Maximum Provincial Cost Share (from all provincial sources (See Section 5.2))	25%	25% (from CCCF only**)	25%	33.33%	25%
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*CCCF projects proposed on federal Indian Reserves will not be eligible for provincial funding.

**Other non-CCCF sources of provincial funding permitted.

5.2 Stacking of Funds

CCCF funding can be combined with other federal and provincial funding programs, other than those programs listed below. CCCF funding cannot be combined with the following federal funding programs:

- Green Infrastructure Stream funding under the Investing in Canada Infrastructure Program;
- the Disaster Mitigation and Adaptation Fund; and
- Clean Technology funding through the Innovation and Skills Plan.

For example, a private sector project worth \$10 million can only receive CCCF funding to allow combined federal funding from the CCCF, Atlantic Canadian Opportunities Agency (ACOA) and other federal funding sources to total \$2.5 million (25 per cent). In the case of a project that accesses funding from a federal-provincial cost-shared agreement, any federal funding share from that cost-shared agreement will be included in the \$2.5 million limit.

With respect to provincial funding:

- Similar to the federal funding framework, with the exception of projects where the ultimate recipient is a not-for-profit entity, a CCCF project can only receive CCCF funding to allow combined provincial funding from the CCCF, other government departments (e.g., the Department of Tourism, Culture, Industry and Innovation), and other provincial funding sources to reach the provincial maximum CCCF contribution.
- In the case of a project that also accesses funding from a federal-provincial cost-shared agreement, any provincial funding share from that cost-shared agreement will be included in the provincial funding limit.
- For greater clarity, this restriction applies to provincial funding provided for a specific CCCF project, but does not include other provincial funding sources (e.g., municipal operating grants).
- The provincial cost sharing limit described above does not apply to not-for-profit organizations.

Applicants will be required to disclose all sources of federal and provincial funding requested and/or approved for the project, any commercial loans requested and/or approved for the project, and their own contributions.

5.3 Eligible Expenditures

The following are eligible expenditures for CCCF projects:

- management and professional service costs, such as accounting, communications, official languages translation, audit charges, GHG emission reduction and cost-per tonne estimate verification, and results monitoring, measuring and reporting;
- material and supplies costs;
- printing, production, and distribution costs;
- equipment and capital assets purchase or rental;
- vehicle rental and operation costs;
- contractors required to perform activities related to the Program;
- any Goods and Services Tax (GST)/Harmonized Sales Tax (HST) that is not reimbursable by Canada Revenue Agency and any Provincial Sales Tax (PST) not reimbursable by the Province;
- incremental human resource costs, including salaries and benefits; and
- other costs that, as determined by the Department, are considered to be direct and necessary for the successful implementation of the project and have been approved in writing by the Department prior to being incurred.

Eligible expenditures must be incurred after the execution of the CCCF Contribution Agreement between the Department and the funding recipient. Expenditures incurred prior to the execution of the Contribution Agreement will not be reimbursed, regardless of whether they are otherwise eligible.

Applicants may contact the Department for clarification as to whether a proposed expenditure for a project is eligible. Contact details are listed in **Section 10.0**.

5.4 Ineligible Expenditures

Ineligible expenditures include the following:

- costs incurred for rejected, withdrawn or cancelled projects;
- land acquisition;
- leasing land, buildings and other facilities;
- leasing equipment other than equipment directly related to the construction of a project;
- real estate fees and related costs;
- financing charges, legal fees, and loan interest payments, including those related to easements (e.g. surveys);
- costs for services or work normally provided by the funding recipient, incurred in the course of implementation of a project, except those specified as eligible expenditures;
- overhead and administrative costs;
- costs associated with operating expenses and regularly scheduled maintenance work; and

- provincial sales tax and GST/HST, for which the funding recipient is eligible for a rebate and any other costs eligible for rebates.

5.5 Payments and Contribution Agreement

Approved funding recipients will be required to enter into a CCCF Contribution Agreement with the Department, which outlines the funding terms and conditions. The contribution agreement will identify a schedule of payments for the project, which will be bilaterally negotiated between the Department and the funding recipient. This will also outline reporting requirements and key milestones.

Invoices will be required to demonstrate incurred expenditures prior to a payment being issued by the Department. Advance payments will not be considered.

A template CCCF Contribution Agreement can be viewed at:

https://www.exec.gov.nl.ca/exec/occ/low_carbon_economy_programs/climatechangechallenge.html

6.0 Application Process

6.1 Application Timelines

Applications will be accepted after a call-for-applications is initiated. The Department intends to issue multiple calls for proposals in the first two fiscal years of the program (2019/20-2020/21). Application closing dates will be posted on MAE's website. If you require further information, please contact climatechange@gov.nl.ca

6.2 Application Requirements

Applicants are required to submit a signed CCCF Application Form, as well as a project proposal including, at a minimum:

- project description and background;
- organizational structure and management abilities; and
- financial proposal.

Detailed information on proposal requirements, including methodological guidance for estimating project outcomes, is contained in the CCCF Project Proposal Drafting Guidelines (https://www.exec.gov.nl.ca/exec/occ/low_carbon_economy_programs/climatechangechallenge.html).

6.3 Evaluation and Assessment

Once an application is received:

- It is registered, and the applicant will be notified of receipt via email.

- The application is reviewed for completeness and eligibility prior to assessment. If the application is incomplete or ineligible, the applicant will be notified prior to the commencement of an assessment.
- Completed applications will then proceed to the assessment phase. If more information is required from the applicant in order to assess the application, the applicant will be notified and the information must be provided by the applicant in order for the assessment to continue.
- Applicants are notified of application acceptance or rejection.
- Successful applicants will receive a funding letter and copy of the CCCF Contribution Agreement for signature.

Applications will be assessed on a competitive basis against the following general criteria:

- GHG reductions:
 - Tonnes of GHG emissions reduced; and
 - Cost-per-tonne of GHG emissions reduced;
- Co-benefits, such as job creation; and
- Project feasibility, including capacity of the applicant to carry out the project and evidence of funding need.

7.0 Reporting Requirements

Funding recipients will be required to provide the Department with a report on project outcomes, such as energy savings and GHG emissions reductions estimates, at a six-month and one-year period after the project has been deemed to be substantially completed by the Department unless otherwise agreed to by the Department and applicant. Detailed reporting requirements are set out in the template Contribution Agreement.

The Department will hold back **fifteen (15)** per cent of the funding for which the funding recipient is entitled, for up to one year, until the recipient submits a project outcomes report that is satisfactory to the Department.

8.0 Additional Terms and Conditions

8.1 Public Communications

Newfoundland and Labrador and/or Canada may request a sign recognizing their funding contribution to a CCCF project, and this will be considered eligible program expenditure, if required. Sign design, content and installation guidelines will be provided to the funding recipient.

All public information activities undertaken in connection with a CCCF project by a funding recipient shall clearly reference the LCELF and reflect the contributions of the Government of Canada and the Government of Newfoundland and Labrador. In addition, the wordmarks for the Government of Canada and the Government of Newfoundland and Labrador shall be

prominently and equally displayed on all communicative products used by the funding recipient in relation to the project.

8.2 Auditing

Recipients of CCCF funding may be audited by the Government of Newfoundland and Labrador and/or the Government of Canada or their representatives, and must consent to allowing access to a facility or location where a project has been implemented as a condition of funding. Additionally, funding recipients will be required to maintain project records for at least **six (6)** years following the termination of a contribution agreement.

8.3 Disposal of Assets

A funding recipient may be required to reimburse Newfoundland and Labrador any funds received from Newfoundland and Labrador for the eligible expenditures of a CCCF project if at any time within five (5) years from the end date of the contribution agreement the recipient sells, leases, or otherwise disposes of, directly or indirectly, any asset purchased, acquired, constructed, rehabilitated or renovated, in whole or in part, as a result of or in connection with the Contribution Agreement, other than to Newfoundland and Labrador, a local government, or with Newfoundland and Labrador's consent.

9.0 Privacy & Confidentiality

The Department will only use the information collected or provided as part of the CCCF for purposes directly related to the operation of the relevant programs and for program-related outcomes reports, which may be shared with the Government of Canada.

Information applicants provide to the Department in confidence, both personal and business-related, will be kept confidential unless:

- the applicant approves of its release, or
- the Department is required or authorized by laws such as the *Access to Information and Protection of Privacy Act, 2015* to release the information.

The funding recipients' legal name, the approved and expended amount of CCCF funding, and a brief description of the project may be released as public information.

10.0 Contact

For questions relating to these Program Guidelines or the application process for the CCCF, please contact the Department of Municipal Affairs and Environment at:

Email: climatechange@gov.nl.ca

Phone: (709) 729-1394

Mail: Department of Municipal Affairs and Environment
Climate Change Branch
West Block, Confederation Building
P.O. Box 8700
St. John's, NL A1B 4J6