



EMISSIONS REDUCTION ALBERTA
**INDUSTRIAL EFFICIENCY
CHALLENGE**

ELIGIBLE EXPENSE AND COST INSTRUCTIONS

March 2018

EMISSIONS
REDUCTION
ALBERTA



Contents

1. SALARIES, BENEFITS AND LABOUR COSTS.....	4
1.1. All Organizations	4
1.2. Alberta -Based Public Bodies (including Government Departments, Post-Secondary Institutions and Other Government- funded Agencies).....	4
1.3. Employee Benefits	4
2. INDIRECT AND ADMINISTRATIVE EXPENSES	5
2.1. Administrative / Overhead Expenses.....	5
2.2. Fixed Assets.....	5
2.3. Consumables.....	5
2.4. Foreign Currency Risk	6
2.5. Land	6
2.6. Publications, Reports, Memberships and Tuition Fees.....	6
2.7. Costs of GHG Validation and Verification	6
2.8. Regulatory Approval	6
2.9. Personnel Hiring.....	6
2.10. Materials and Supplies	7
2.11. Marketing	7
2.12. Protection of Intellectual Property.....	7
2.13. Entertainment	7
2.14. Attendance at Conferences	7
2.15. Workshop Participants	7
2.16. Eligible Contributions	8
2.17. Approved Travel Rates	8
2.17.1. Air Travel	8
2.17.2. Other Travel Expenses (Meals, Accommodation, Parking etc.).....	9
2.17.3. Hotel Cancellation Charges	9
2.17.4. Gratuities.....	9
2.17.5. Vehicle Travel	9
2.17.6. Vehicle Particulars	9
2.17.7. Parking.....	10
2.17.8. Insurance Requirements	10
2.17.9. Vehicle Rentals	10
2.17.10. Taxi Charges	10
2.18. GST and PST.....	10

The purpose of the Eligible Expenses and Cost Instructions (“Cost Guidelines”) document is to provide guidance and instruction on eligible expenses (“Eligible Expenses”) for support with funding from Emissions Reduction Alberta (“ERA”)¹. Stipulations apply to expenses included in budgets at the application stage (Expressions of Interest and Full Project Proposal), as well as to expenses incurred during the lifetime of the funded Project. Queries on matters not addressed here should be addressed to ERA.

ERA reserves the right to query any expense, at any time. Furthermore, this document is subject to periodic revisions; new versions will supersede older ones. ***It is the Proponent’s responsibility to ensure they are complying with the most recent version of this document which can be found at www.eralberta.ca.***

The quality of your submission is in part determined by the transparency of expenses associated with your Project. Incomplete or incorrect information will negatively impact the Project claim.

It should be noted that ERA will only reimburse and match contributions for Eligible Expenses and costs that are considered to be incremental to the Proponent in order to fulfill the Project objectives. Any costs which are considered ineligible in accordance with these Cost Guidelines will not be included in the Project’s total eligible costs.

All questions regarding these instructions should be directed to ERA by emailing info@eralberta.ca.

¹ Emissions Reduction Alberta (ERA) is a legal trade name of the Climate Change and Emissions Management (CCEMC) Corporation.

1. SALARIES, BENEFITS AND LABOUR COSTS

1.1. All Organizations

- Only actual, direct salaries are Eligible Expenses.
- Salary rates must correspond to the base salary rate only, and cannot include any commission, bonus or pay-for-performance component.
- In cases where the Project Proponent specifies the hiring of a contractor (“Contractor”), the rates charged by the Contractor to the Project are an Eligible Expense. The Contractor must document the hourly or daily rate charged and the number of hours or days worked on their invoice submitted to the Project. ERA reserves the right to limit any Contractor payments should they appear to be excessive or lack sufficient supporting documentation, including the overhead or fringe benefit rates charged by the Contractor.
- In cases where a research student is providing the labour, payment in the form of a bursary will be an Eligible Expense provided it can be supported by detailed hourly or daily rate charged and the number of hours or days worked.

1.2. Alberta -Based Public Bodies (including Government Departments, Post-Secondary Institutions and Other Government-funded Agencies)

Compensation for full or part time Alberta based public bodies (including government of Alberta and Alberta agencies, boards and commissions) personnel performing work on the Project may not receive salaries or consulting fees from ERA funds. However, the salaries of individuals hired temporarily to relieve personnel of their regular duties, thereby allowing them more time for funded Project business, are eligible for ERA support(e.g., the cost of hiring a sessional instructor for course release may be counted). Salary costs incurred for work performed by Government funded labs may be considered Eligible Expenses with prior approval of ERA.

1.3. Employee Benefits

Actual benefit expenses of employees, including, without limitation, Employment Insurance, Canada Pension Plan, medical, vacation pay are eligible expenses to a limit of 20% of the base salary. The 20% limit of base salary for employee benefits also applies to equivalent employee benefit expenses of other countries for Project Proponents operating in countries outside of Canada.

2. INDIRECT AND ADMINISTRATIVE EXPENSES

2.1. Administrative / Overhead Expenses

Company overheads that are directly related to the Project may be allocated to the Project. For greater clarity, examples of normal company overhead charges may include, but are not limited to, the following:

- Administrative Salaries for Project-related activities
- Office supplies related to the Project
- Information Technology Charges directly related to the Project
- General Liability Insurance (pro-rated to Project activities and assets)
- Utilities (pro-rated to Project activities)

However, these must be sufficiently detailed, itemized and shown separately in Project budgets, Project expense listing and invoices. Overhead costs must be supported by a consistent and reasonable allocation methodology and there must also be a line-of-sight from these costs directly to the Project being funded.

Justification for these costs is required as is any allocation methodology used to charge a portion of these costs to the Project. In the case of Post-Secondary Institutions and certain government agencies, evidence of an approved overhead policy including allocation methodology must be available to support standard overhead allocations. In all instances, ERA reserves the right to limit any overhead payments should they appear to be excessive or lack sufficient supporting documentation, however the maximum amount of overhead eligible for reimbursement shall not exceed 15% of Total Eligible Project Expenses. It should be noted that costs associated with negotiating funding agreements with ERA are not considered Eligible Expenses.

2.2. Capital Assets

Capital assets, such as property, plant and equipment (PPE) are an Eligible Expense. All assets to be purchased must be itemized at the time of project commencement and should be submitted to the ERA Project Advisor for review. The Project Advisor will review the asset listing to determine reasonableness of cost and linkage to the project. The useful life of the asset must be specified. ERA reserves the right to limit the capital purchases at their discretion in order to meet ERA objectives. Capital assets should be supported by invoices which disclose the purchase price/cost of the asset.

2.3. Consumables

Consumables (e.g., industrial gases, construction or laboratory supplies) used during the course of the Project are Eligible Expenses but must be documented.

2.4. Foreign Currency Risk

ERA does not accept any foreign currency risk. Any Project cost or funding changes as a result of foreign currency fluctuations are to be borne solely by the Project Proponent. Any Project Proponent operating in a foreign jurisdiction must make appropriate provisions to manage the risk of foreign currency fluctuations during the Project period. Foreign currency transactions should be converted to Canadian Dollar using the exchange rate applicable at the transaction date or the monthly average exchange rate from the Bank of Canada.

2.5. Land

Purchase of land or costs associated with leasing land are not an Eligible Expense unless otherwise approved by ERA.

2.6. Publications, Reports, Memberships and Tuition Fees

Subscriptions to magazines, journals and other publications are not an Eligible Expense, nor are tuition fees and membership fees.

Expenses incurred in preparing progress reports for ERA are considered to be a part of the Project, and are therefore Eligible Expenses.

Expenses for extension and publication of research results may be considered eligible as long as prior written approval is obtained from ERA.

2.7. Costs of GHG Validation and Verification

Any costs related to third party validation or verification of GHG emission reductions as required by ERA will not be considered an Eligible Expense. All validation and verification costs are to be borne by the Project Proponent.

2.8. Regulatory Approval

Any costs incurred to obtain approval from any regulatory body in order to commence, execute or complete a Project are not eligible.

2.9. Personnel Hiring

Expenses of advertising, travel, or other expenses associated with hiring new personnel for the Project are not eligible.

2.10. Materials and Supplies

Materials and supplies used to carry out the Project work may include raw materials, tools, and software; their costs are eligible expenses. They should be indicated in the budget at the time of application. Expenditures in this category that are not included in the application must be approved by ERA or its designated representative.

2.11. Marketing

Product marketing is not an Eligible Expense unless otherwise approved by ERA.

2.12. Protection of Intellectual Property

Expenses associated with protecting a Project's results, e.g. patenting, licensing, copyrighting, etc., are not eligible.

2.13. Entertainment

Expenses in respect of entertainment are not eligible. However, hospitality expenses related to workshops and seminars designed to disseminate the Project results are eligible, with pre-approval by ERA. Please consult the Project Advisor for information in these cases.

2.14. Attendance at Conferences

ERA may support expenses to an aggregate maximum of \$2,500 (\$5,000 for international conferences) for all travel expenditures and attendance at conferences in the case where the Project Proponent is a presenter and the information presented is directly related to the Project. If the conference has paid for any expenses related to travel then the Project Proponent cannot also claim these amounts from ERA. Conference details and location must be documented in the budget at the time of application, or recommended by the Project Steering Committee and approved by ERA. A summary report of conference findings/results should be provided.

2.15. Workshop Participants

Some Projects may hold workshops attended by subject-matter experts from organizations other than the Project Proponent's organization, who will provide input into the Project. Travel expenses and daily charge-out rates for the presenters or participants at these workshops are Eligible Expenses, provided that the individuals are listed as team members in the Project work plan, or their participation is approved by the Project Advisor. Travel rates are discussed in their own section of this document.

2.16. Eligible Contributions

Eligible Cash Contributions: these include expenses for the direct costs of project-related activities that are directly related to achieving the objectives of the Project. Refer to section 1.2 for cash contributions associated with compensation of Alberta based public bodies.

Eligible In-kind Contributions: these include eligible non-monetary resources that partners, sponsoring organizations and/or the Recipient provide to support the project. In-kind contributions considered essential to the Project could be in the form of cash-equivalent goods or services, which, if not donated, would have to be purchased with project funds. In-kind contributions could also include the time of individuals (non-faculty) within partner organizations (e.g., experts in a specific area) spent in providing direction and participating in the Project. In some cases, the partners may provide specialized skills and advice or access to special equipment, space, data sets, etc. It should be noted that these costs must be supported by invoices, documents or payroll records to support the dollar amounts being claimed under the project.

When assessing the value of the in-kind contributions, the Recipient should consider the following:

- Donated new equipment, materials and supplies should be calculated based on actual rates for these rentals, purchases and/or services.
- Personnel services, such as services provided by individuals should be calculated at actual salary rates plus eligible benefits, for the amount of their time allocated to the project.

We expect the costs funded by ERA to be incremental to the organizations and as such, any existing assets utilized by the Project may be considered in the total project costs, but not as eligible project costs.

2.17. Approved Travel Rates

The following travel policies apply on all travel associated with Projects. Any exceptions to the policies described below must be approved in advance and in writing by ERA. All Project Proponents claiming travel expenses must maintain detailed, comprehensive travel records for review by ERA. Attached to each travel record must be all original receipts for the associated travel expenses claimed or a copy thereof. Only expenses where a receipt is attached will be considered eligible.

2.17.1. Air Travel

Only economy airfares are eligible. Change and cancellation fees are not eligible. Project proponents are not authorized to fly or charter private or personally rented aircraft on Project business unless requested by ERA. This includes international travel.

2.17.2. Other Travel Expenses (Meals, Accommodation, Parking etc.)

Reasonable out-of-pocket expenses incurred while performing work directly related to the approved ERA Project are Eligible Expenses, provided that they are not inconsistent with the *Government of Alberta's Travel, Meal and Hospitality Expenses Policy* ([GoA-Travel-Meal-and-Hospitality-Expense-Policy.pdf](#)) Further, all expenses are to be supported by receipts and all travel expenses incurred must be consistent with the Project work plan and budget schedules. Travel expenses received at public expense or without charge may not be claimed.

2.17.3. Hotel Cancellation Charges

Project proponents are responsible for cancelling hotel reservations in time to avoid "no show" charges, therefore "no show" and cancellation expenses are not eligible.

2.17.4. Gratuities

Tips and gratuities to a maximum of 20% are eligible and must be supported by receipts.

2.17.5. Vehicle Travel

For all Project Proponents and all types of vehicles, toll charges for travel on approved project business are eligible.

Parking fines, traffic violation fines (including photo radar), and impoundment/towing fees when driving a company, leased, rented or personal vehicle on approved Project business are not eligible.

2.17.6. Vehicle Particulars

PRIVATE AND COMPANY-OWNED VEHICLE ALLOWANCE

The private and company owned vehicle allowance ("Vehicle Allowance") is intended to cover the gas and maintenance expenses associated with operating a personal or company vehicle while travelling on Project business. The Vehicle Allowance does not apply when using a rental or leased vehicle. Project Proponents authorized to use their own or company-owned vehicles in the performance of their Project related duties may charge \$0.505 per km to the Project. Details on the location travelled from/to and the purpose of the trip should be included in the mileage expense claims.

The Vehicle Allowance is an Eligible Expense for private and company owned vehicles driven to a departure location (i.e., airport or train terminal) and picked up upon return.

When travel mileage would exceed the cost of a vehicle rental, the person travelling should travel by rental vehicle.

COMMERCIAL VEHICLE ALLOWANCE

The commercial vehicle allowance is intended to cover the gas and maintenance expenses associated with operating a commercial vehicle for Project purposes. Project Proponents required to use commercial vehicles in the performance of their Project related duties may charge mileage at a rate consistent with the type of vehicle used and work performed. Details on the location travelled from/to and the purpose of the trip should be included in the mileage expense claims.

2.17.7. Parking

Where privately owned vehicles are used for approved Project business, only receipted parking charges may be claimed as Eligible Expenses.

2.17.8. Insurance Requirements

Project Proponents are responsible for obtaining adequate insurance coverage for using their private vehicle for business purposes. Adequate coverage shall be determined before a privately owned vehicle is used for ERA funded Project business.

2.17.9. Vehicle Rentals

Proponents are required to use rental vehicles where they represent a lower-cost alternative to the use of private vehicles.

Proponents must ensure that adequate insurance coverage is in place when using rental vehicles. Proponents must obtain a competitive rate for vehicle rentals; only compact or midsize rates are Eligible Expense, subject to usage requirements, as defined in the funded Project proposal and work plan.

2.17.10. Taxi Charges

Claims for taxis while travelling on Project business will be reimbursed at cost when other more economical means of transportation are either unavailable or unsuitable.

2.18. GST and PST

GST and provincial sales taxes are not eligible. In the event the Proponent is a public institution, qualifying as a not for profit organization or a registered charity, they may request approval of ERA to reimburse the portion of Project related GST costs not

eligible for rebate. This does not apply to provincial sales tax or foreign sales tax amounts.