



# COST GUIDELINES

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# 1.0 PURPOSE

The purpose of the document is to provide guidance and instruction expenses for eligible for support with funding from Emissions Reduction Alberta (ERA)<sup>1</sup>(Eligible Expenses). Stipulations within this document apply to costs included in the Project budget at the application stage (Expressions of Interest and Full Project Proposal), as well as to expenses incurred during the lifetime of the funded Project. ERA reserves the right to request additional information on any Project expense, at any time.

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](http://www.eralberta.ca).

ERA will only reimburse and match contributions for Eligible Expenses and costs that are considered incremental to the Proponent to fulfill the Project objectives. ERA will only reimburse Eligible Expenses that are incurred after the Acceptance Letter is fully executed. No previously accrued costs are eligible. Any costs which are considered ineligible in accordance with these Cost Guidelines will not be included in the Project's total eligible costs.

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

All questions regarding these instructions should be directed to ERA by emailing [info@eralberta.ca](mailto:info@eralberta.ca) or by calling 780.417.1920.

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

# 2.0 SUMMARY OF ELIGIBLE AND INELIGIBLE EXPENSES

CATEGORY	ELIGIBLE EXPENSES	INELIGIBLE EXPENSES	SPECIAL EXPENSES REQUIRING ERA APPROVAL
<b>Labour</b>	<ul style="list-style-type: none"> <li>▶ Labour costs for those individuals specifically identified as working on the Project calculated from the individual's base salary</li> <li>▶ Employee benefits up to 20% of base salary</li> <li>▶ Costs associated with preparing ERA required reports</li> </ul>	<ul style="list-style-type: none"> <li>▶ Compensation of employees of Government of Alberta, Provincial agencies, boards or commissions</li> <li>▶ Performance based compensation</li> <li>▶ Tuition and membership fees</li> <li>▶ Costs associated with negotiating funding agreements with ERA or to arrange project financing</li> <li>▶ Costs to hire personnel</li> <li>▶ Costs to obtain regulatory approvals</li> </ul>	<ul style="list-style-type: none"> <li>▶ Work done by government funded labs</li> <li>▶ Costs for the use of existing capital assets</li> </ul>
<b>Equipment</b>	<ul style="list-style-type: none"> <li>▶ Purchase or use of Capital assets required for the delivery of the project</li> </ul>		
<b>Materials and Supplies</b>	<ul style="list-style-type: none"> <li>▶ Consumables used during the Project for the Project.</li> <li>▶ Raw materials, tools, and software</li> </ul>	<ul style="list-style-type: none"> <li>▶ Subscriptions to magazines, journals, or other publications</li> <li>▶ Product marketing costs</li> </ul>	<ul style="list-style-type: none"> <li>▶ Expenses relating to the extension and publication of research</li> </ul>
<b>Consultants &amp; Subconsultants</b>	<ul style="list-style-type: none"> <li>▶ Labour costs for those individuals specifically identified as working on the Project</li> </ul>		



<p><b>Travel</b></p>	<ul style="list-style-type: none"> <li>▶ Travel and attendance at relevant conferences to present on the Project (capped at \$2,500 for Domestic and \$5,000 for International conferences)</li> <li>▶ Fees and travel expenses of workshop presenters and project team participants</li> <li>▶ Reasonable out of pocket expenses as per the Government of Alberta's Travel, Meal and Hospitality Expenses Policy <sup>1</sup></li> <li>▶ Parking, Economy airfare, Taxi costs</li> <li>▶ Vehicle rental or mileage for project required travel</li> </ul>	<ul style="list-style-type: none"> <li>▶ Cancellation or change fees</li> <li>▶ Tips and gratuities over 20%</li> <li>▶ Fines, traffic violations</li> <li>▶ First class airfare, accommodation expenses above Government standard rates</li> </ul>	
<p><b>Overhead</b></p>	<ul style="list-style-type: none"> <li>▶ Allocation of office space, IT, administrative salaries, insurance, and utilities directly related to project activities</li> </ul>	<ul style="list-style-type: none"> <li>▶ Overhead expenses exceeding 15% of Total Eligible Project Expenses</li> </ul>	<ul style="list-style-type: none"> <li>▶ Land purchase or leasing costs</li> </ul>
<p><b>Other</b></p>		<ul style="list-style-type: none"> <li>▶ GST and PST</li> <li>▶ Foreign currency differentials</li> <li>▶ Expenses for patenting, licensing, or copywriting</li> <li>▶ Entertainment</li> </ul>	<ul style="list-style-type: none"> <li>▶ GST and PST for Not-for-Profit or charities</li> <li>▶ Hospitality expense related to events to disseminate Project results</li> </ul>

<sup>1</sup> Government of Alberta. Travel, Meal and Hospitality Expenses Policy. (2021).  
**Link to:** <https://open.alberta.ca/publications/travel-meal-and-hospitality-expenses-policy-expenses-policy>

## 3.0 PROJECT FUNDING

### 3.1 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 4.3 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:

- ▶ The value of donated new equipment, materials and supplies should be calculated based on market value of the equipment, materials, or supplies.
- ▶ The rental value of equipment should be calculated based on market rental rates.
- ▶ Personnel services, such as services provided by individuals should be calculated at actual salary rates plus eligible benefits, for time allocated to the project.

ERA expects any 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.

## 4.0 LABOUR COST

### 4.1 SALARY AND LABOUR COST GUIDANCE - APPLICABLE TO ALL ORGANIZATIONS

It is recommended that labour costs for employees of the Project Proponent or entities that are directly responsible for the delivery of the project, be captured in the labour cost category. E.g. project managers, financial managers, executive team, staff engineers, etc.

For individuals working on project activities:

- ▶ Only actual, direct salaries are eligible costs.
- ▶ Salary rates supplied in the project budget must equate to the individual's base salary rate only.
- ▶ All performance based compensation such as commissions, bonuses, or performance pay is not an eligible cost.
- ▶ Fringe benefits are eligible in an amount up to 20% of the employee's base salary; directly attributable to the Project. Fringe benefits are defined as additional compensation beyond standard employment benefits such as a company car, paid extended medical insurance, employee profit sharing, or similar.
- ▶ In cases where the Project Proponent specifies that project team members are employed as a "Contractor" (e.g. their employee/employer relationship is governed by a contract), the rates charged by the employee to the Project are an Eligible Expense.
  - ▷ If the contracted employee is paid via invoice, the contracted employee must document the hourly or daily rate charged and the number of hours or days worked on their invoice submitted to the Project.
  - ▷ If the contracted employee is paid via payroll, the actual direct salary associated with the project is an eligible cost.
  - ▷ 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 is an Eligible Expense provided it can be supported by detailed hourly or daily rates charged and the number of hours or days worked.

### 4.2 EMPLOYEE BENEFITS EXPENSES GUIDANCE

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

**Example:** Recipient has one full time employee that is providing 1000 hours to the project each year for three years. Their annual base salary is \$70,000 and the employer pays \$5,000 annually for employee benefits. Assuming full time work equals to 2080 hours per year, \$33,653/year in base salary plus \$2,192/year in benefits can be claimed each year during the project term as eligible expenses.



#### **4.3 EMPLOYEES OF ALBERTA PUBLIC ENTITIES GUIDANCE**

Alberta public entities include Alberta government departments, post-secondary institutions, and other government funded agencies.

- ▶ Compensation for full or part time personnel employed by an Alberta public entity (including government of Alberta and Alberta agencies, boards, and commissions) performing work on the Project is not an eligible cost.
- ▶ Salaries of individuals hired temporarily to relieve full, or part time personnel employed by an Alberta public entity of their regular duties, thereby allowing them more time for funded Project business, is an eligible cost (e.g. the cost of hiring a sessional instructor for course release may be classified as an eligible expense).
- ▶ Salary costs incurred for work performed by Government funded labs may be considered an Eligible Expense with prior approval of ERA.

## 5.0 EQUIPMENT COST

Generally, any equipment purchased for the purpose of carrying out the project should be disclosed in the equipment cost category. For example, machinery, vehicles, motors, etc.

### 5.1 CAPITAL ASSET PURCHASES

Capital assets, such as property, plant, and equipment (PPE) that are required for the delivery of the project are Eligible. 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 to meet ERA objectives. Capital assets should be supported by invoices which disclose the purchase price/cost of the asset.

### 5.2 EXISTING CAPITAL ASSETS

To confirm eligibility of the use of any existing capital assets as an eligible cost, please consult ERA directly. The eligibility of costs associated with the use of existing equipment is at the sole discretion of ERA.

## 6.0 MATERIALS AND SUPPLIES COST

Any materials and supplies purchased for the purpose of carrying out the project should be disclosed in the materials and supplies cost category. For example, raw materials, hardware (laptops etc.), tools or software. Materials and supplies used to carry out the Project work are eligible expenses. Any expenses to purchase materials or supplies for the Project 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.

### 6.1 CONSUMABLES

Consumables (e.g., industrial gases, construction, or laboratory supplies) used during the course of the Project are Eligible Expenses but must be documented. These should be captured in the materials and supplies category.

### 6.2 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 incurred to prepare the Final Financial Report, Final Outcomes Report, the Commercialization and Technology Transfer Plan, the Non-Confidential Report are eligible.
- ▶ Expenses for extension and publication of research results may be considered eligible if prior written approval is obtained from ERA.

## 7.0 CONSULTING/ SUB-CONTRACTOR COST

It is recommended that labour costs of Consultant/Sub-Contractors supporting aspects of the project delivery be captured in the contractor/sub-contractor cost category. E.g., third party consulting engineers, surveyors, machine/equipment operators, etc.

- ▶ The rates charged by the Consultant/Sub-Contractor doing work directly related to the Project are an Eligible Expense.
- ▶ The Consultant/Sub-Contractor must document the hourly or daily rate charged, the number of hours or days worked, and tasks completed on their invoice submitted to the Project.
- ▶ ERA reserves the right to limit any Consultant/Sub-Contractor payments should they appear to be excessive or lack sufficient supporting documentation.

Costs associated with hiring “Engineering, Procurement and Construction” (EPC) contractors should be captured in the consulting/sub-consulting category. All invoices from the EPC should detail hours/rates/tasks that can be directly tied to the project.

**A Special note on Innotech Alberta:** *Costs paid to Innotech Alberta are eligible, provided they are treated as a cost recovery from lab/consulting fees for services provided by the Innotech Lab and its employees.*

### 7.1 COSTS OF GHG VERIFICATION

Any costs related to third party verification of GHG emission reductions as required by ERA are an Eligible Expense.

## 8.0 TRAVEL COST

The following travel policies apply on all Project related travel. 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.

### 8.1 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 reviewed by the Project Steering Committee and approved by ERA. A summary report of conference findings/results should be provided to ERA.

### 8.2 WORKSHOP PARTICIPATION

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.

### 8.3 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.

### 8.4 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, if they are consistent with the [Government of Alberta's Travel, Meal and Hospitality Expenses Policy](#) that can be found on the Government of Alberta's website. 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.

### 8.5 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.

### 8.6 GRATUITIES

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

## 8.7 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.

## 8.8 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.**

## 8.9 PARKING

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

## 8.10 VEHICLE INSURANCE

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.

## 8.11 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.

## 8.12 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. **Details on the location travelled from/to and the purpose of the trip should be included in the taxi expense claims.**

## 9.0 OVERHEAD COST

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

- ▶ Administrative salaries for project-related activities
- ▶ Office supplies related to the Project
- ▶ Information Technology costs directly related to the Project
- ▶ General Liability Insurance costs (pro-rated to Project activities and assets)
- ▶ Utilities (pro-rated to Project activities)
- ▶ Space rental for Project activities.

These expenses must be sufficiently described, itemized, and shown separately in the Project budget, Project expense listings and invoices. Overhead expenses must be supported by a consistent and reasonable allocation methodology and there must also be a clear line-of-sight from these costs directly to the Project being funded.

Justification for overhead expenses is required, as is any allocation methodology used to charge a portion of these expenses to the Project. In the case of Post-Secondary Institutions and certain government agencies, evidence of an approved overhead policy including an 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. 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.

### 9.1 LEGAL EXPENSES

- ▶ Costs associated with negotiating the Contribution Agreement and project financing are not considered eligible.
- ▶ Normal legal expenses incurred to negotiate procurement or supply contracts as required to execute the project scope and workplan would be eligible and should be included in the overhead category.



## 10.0 OTHER INELIGIBLE COSTS

### 10.1 HIRING OF PERSONNEL

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

### 10.2 REGULATORY APPROVAL

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

### 10.3 LAND

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

### 10.4 MARKETING

Product marketing is not an Eligible Expense unless otherwise approved by ERA. Costs for any business development activities working towards commercial sales of products are not eligible as project costs.

### 10.5 ENTERTAINMENT

Expenses planned or incurred for entertainment are not eligible. Hospitality expenses related to workshops and seminars designed to disseminate Project results as outlined in the project scope and workplan are eligible, with pre-approval from ERA. Please consult the Project Advisor for information in these cases.

### 10.6 PROTECTION OF INTELLECTUAL PROPERTY

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

### 10.7 GST AND PST

GST and Provincial Sales Tax (PST) expenses 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 from 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.



## 11.0 OTHER ITEMS

### 11.1 FOREIGN CURRENCY RISK

ERA does not accept any foreign currency risk. Any Project cost or funding changes because 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 (preferable) or the monthly average exchange rate from the Bank of Canada. Translation at the payment date will not be acceptable.