



**STRATEGIC ENERGY
MANAGEMENT**
FOR INDUSTRY

Facility Readiness Assessment (FRA) Terms and Conditions

October 1, 2024

Terms and Conditions

PROGRAM OVERVIEW

Emissions Reduction Alberta's Strategic Energy Management for Industry program (SEMI) helps industrial and manufacturing facilities improve their energy performance by offering co-funding to implement an integrated system of practices, processes, and capital retrofits.

With funding from the Government of Alberta's Technology Innovation and Emissions Reduction (TIER) fund and Natural Resources Canada (NRCAN), the objective for SEMI is to support eligible facilities to:

- ▶ Understand energy use;
- ▶ Identify methods and approaches to optimize energy use;
- ▶ Implement energy-saving capital retrofits; and
- ▶ Improve energy productivity and competitiveness.

SEMI offers financial incentives that cover up to 50% of eligible project costs for for-profit organizations and up to 100% for not-for-profits and Indigenous organizations. Additional funding caps are stated on the SEMI website. SEMI also allows in-kind contributions from the facility to offset the co-funding requirement for certain activities.

These terms and conditions ("Agreement") are between Emissions Reduction Alberta ("ERA") and the Program Participant ("Participant" or "You" or "Your").

The first step in SEMI is for You to complete a Facility Readiness Assessment (FRA) at your facility. For-profit organizations must cover 50% of the cost; however, it is anticipated that Your contribution can be provided as an in-kind contribution. In-kind contributions can include facility staff time necessary to complete any aspect of the FRA and prior energy management activities that contribute value to eligible activities. The FRA will provide You with recommendations to implement further eligible activities. Not all recommendations are mandatory to implement for participation in SEMI.

ONCE THE FRA IS COMPLETE, YOU MAY PARTICIPATE IN THE BELOW FOUR ELIGIBLE ACTIVITIES:

- ▶ **Conduct Energy Assessments and Audits**
- ▶ **Implement Energy Management Information Systems (EMIS)**
- ▶ **Implement Strategic Energy Management (SEM)**
- ▶ **Invest in Energy Efficiency Focused Capital Retrofits**

This Agreement is only applicable to FRA. The FRA and SEM will be delivered, overseen and coordinated by ERA's service provider Enerva Energy Solutions Inc ("Service Provider" or "Enerva"). All other Eligible Activities will be delivered by contractors or vendors that You select. The FRA is part of the energy assessments and audits and energy management systems activities.

ELIGIBILITY

You represent and warrant that You meet the following eligibility requirements:

- ▶ Your facility is located in Alberta.
- ▶ You own or lease the facility. For a leased facility You have obtained permission from your landlord to undertake the Eligible Activities.
- ▶ Your facility has been in operation for at least one year prior to the date of this Agreement with fixed equipment and buildings used to produce goods.
- ▶ Your operation is defined by the following North American Industry Classification System (NAICS) codes: 11, 21, 22, 23, 31, 32, 33, 48, and 56*. ERA may consider additional NAICS codes on a case-by-case basis.
- ▶ You are not an insolvent person within the meaning of the *Bankruptcy and Insolvency Act* (Canada), nor have You made an assignment in favour of your creditors nor a proposal in bankruptcy to your creditors or any class thereof nor has any petition for a receiving order presented in respect of You. You have not initiated proceedings with respect to a compromise or arrangement with your creditors or for your winding up, liquidation or dissolution. No receiver has been appointed in respect of You, or any of Your property or assets and no execution or distress has been levied upon any of Your property or assets. No proceedings have been taken or authorized by any person with respect to (as applicable) the bankruptcy, insolvency, liquidation, dissolution or winding-up of You.

*Administrative and support sectors are not eligible for SEMI. Waste management and remediation service sectors are eligible.

- ▶ This Agreement, and each of the agreements to be executed and delivered by You pursuant to this Agreement, has been duly authorized, validly executed or otherwise agreed to by positive action on Your behalf, and delivered by You, and constitutes a legal, valid and binding obligation of Yours enforceable against You in accordance with its terms.

What is the Facility Readiness Assessment (FRA)?

By participating in the FRA, You will receive a report with the following from SEMI:

- ▶ Analysis of Your facility's energy use
- ▶ Relationship of energy use to independent variables
- ▶ Energy performance benchmark
- ▶ Assessment of controllable and uncontrollable energy use
- ▶ Assessment of Your energy management system and current energy management practices
- ▶ Recommendation on how to leverage SEMI aligned with Your needs

The FRA report will be reviewed by a professional engineer and designed to provide you with a roadmap to participate in the other eligible activities without obligation. The general FRA process will start with a kick-off meeting, and will include a data checklist, on-site walk through, draft report for Your review, presentation, and final report. The FRA requires input and active participation from You.

YOUR RESPONSIBILITIES

You are required to provide certain information and facility access to support the completion of the FRA as follows:

- ▶ Have a facility representative attend the necessary meetings and provide a facility tour with access to the relevant energy consuming equipment
- ▶ Organize facility management to attend a presentation of the FRA report
- ▶ Provide the information specified in the data checklist such as but not limited to site layout, other process drawings, energy data, independent variable data, sample maintenance records, and operating parameters such as product mix, volumes, and schedules
- ▶ Prior energy studies or assessments, sustainability reports, or energy related capital retrofits documentation

ENROLLMENT PROCESS

The FRA enrollment process involves the following steps:

1. You register via the SEMI online portal
2. SEMI will prepare a scope of work for your facility
3. Enter into this Agreement including the scope of work and co-funding schedules

The FRA scope of work schedule ("Schedule A: Scope of Work") will define, amongst other things, scope description, the approach and methodology, work plan, and FRA deliverables. The FRA co-funding schedule ("Schedule B: Co-funding") will define the contribution from SEMI, Your in-kind contribution, and Your cash contribution, if any.

ADDITIONAL TERMS AND CONDITIONS

- ▶ You will provide the Service Provider with the necessary safety training for Your facility
- ▶ ERA may amend, modify, or terminate SEMI, including this Agreement, at any time based on funding limitations or for any reasons whatsoever and in its sole and absolute discretion, without notice
- ▶ You indemnify and save harmless NRCan, its employees, officers and agents, and ERA, its directors, officers, agents, contractors and employees, from all liability, damages, claims, demands, expenses and costs for claims, costs for injury or death of any person (including from any infectious disease outbreaks), damage to or destruction of property, and all economic loss suffered by any person (collectively, "Losses") arising from or occurring by reason of the Your participation in SEMI and the Eligible Activity implementation of any recommendations, including the installation and/or use of recommended products and improvements. You irrevocably waive any and all claims against, and irrevocably releases and agrees not to sue, NRCan, or ERA, and any of their respective officers, directors, employees, agents, contractors or representatives for and against all Losses arising from Your participation in SEMI and the Eligible Activities and/or the implementation of any recommendations, including the installation and/or use of recommended products and improvements
- ▶ ERA may contact You to administer, verify compliance with, and evaluate SEMI, and conduct surveys
- ▶ ERA may use information (including personal information) whether provided by You, the Service Provider or the installation contractor, obtained during site visits or contained in, or forming part of, any documents submitted as part of the application, and disclose the information to affiliates, contractors, representatives, agents, program partners and funding partners, to process, administer and evaluate the program, the rebates and Your eligibility, to monitor and assess compliance with the terms and conditions, conduct surveys and to develop other energy conservation programs

- ▶ ERA collects, uses, and discloses information in accordance with the *Personal Information Protection Act* (Alberta), and the *Access to Information Act* (Canada), as applicable, and its Privacy Policy. For more information on ERA's privacy policy, visit <https://www.eralberta.ca/privacy/>
- ▶ You shall comply with all federal environmental laws applicable to the Eligible Activities, including the provisions of the *Impact Assessment Act* (Canada) related to the projects carried on federal lands or outside of Canada. You will disclose if one of the Eligible Activities will be carried out on federal lands, and You acknowledge and agree that ERA may then suspend the Eligible Activities, including any funding thereof by ERA, or terminate this Agreement
- ▶ Provide supporting documentation to determine in-kind contributions
- ▶ For the duration of the Eligible Activities and Your participation in SEMI, and thereafter for a period of four (4) years, You will a) keep proper and accurate books, accounts, and records of Your revenue received and expenses Incurred and paid in connection with the Eligible Activities and shall keep Your invoices, receipts, and vouchers relating thereto; b) keep proper and accurate records of all data, analyses, and other scientific or technical assessments and reports, and any and all information relating to the outputs and outcomes of the Eligible Activities, You will provide all records, information, and other documentation for any review, evaluation or audit reports required by ERA, SEMI or NRCan. This includes access to your premises and documents
- ▶ Disclose any other government funding You may use for the FRA and other Eligible Activities
- ▶ You agree that all intellectual property that arises in the course of participating in SEMI shall vest in ERA, or be licensed to ERA in the event that ERA's subcontractor retains title to such intellectual property. Such license shall be a non-exclusive, irrevocable, world-wide, free and royalty-free license in perpetuity to use, modify, and make publicly available such reports and documents for non-commercial or governmental purposes
- ▶ You agree to seek written consent from ERA before the sale, lease or other disposal of any goods acquired or used for Eligible Activities that are either disposed of or cease to be used for the Eligible Activities prior to the completion of Eligible Activities and for three (3) years thereafter
- ▶ ERA may declare that an event of default under this Agreement has occurred if:
 - a. You become insolvent or are adjudged or declared bankrupt or if You go into receivership or take the benefit of any statute from time to time in force relating to bankrupt or insolvent debtors;
 - b. an order is made which is not being contested or appealed by You or a resolution is passed for Your winding up of or You are dissolved;
 - c. in the opinion of the ERA, there has been a misrepresentation or breach of warranty made, or given, by You in this Agreement;
 - d. in the opinion of ERA, acting reasonably, a material adverse change in risk affecting the fulfilment of the terms and conditions of this Agreement has occurred;
 - e. any term, condition or undertaking in this Agreement is not complied with by You, within thirty (30) days of written notice of such defect having been provided to You; or
 - f. You neglect or fail to pay the ERA any amount due by You in accordance with this Agreement.
- ▶ If ERA declares that an event of default has occurred, in addition to all other remedies provided under contract law, ERA may exercise one or more of the following remedies (which remedies are cumulative):
 - a. suspend or terminate any obligation to contribute or continue to contribute to the Eligible Activities or any part thereof, including any obligation to pay any amount owing prior to the date of such suspension or termination;
 - b. terminate this Agreement; and
 - c. direct You to repay all or part of the any funds which have been paid to You under SEMI, together with interest as determined by ERA, acting reasonably, from the date of demand.
- ▶ The fact that ERA does not exercise a remedy that ERA is entitled to exercise under this Agreement will not constitute a waiver of such right and any partial exercise of a right will not prevent ERA in any way from later exercising any other right or remedy under this Agreement or other applicable law
- ▶ This Agreement shall enure to the benefit of, and be binding on ERA and You, and their respective representatives, successors and assigns

SCHEDULE A

SCOPE OF WORK

The Facility Readiness Assessment (FRA) scope will include all major primary and secondary energy sources used within your facility based on information that you provide.

After you register for the FRA, a program representative will schedule a virtual meeting to collect the information necessary to prepare the scope of work and budget. The scope of work will be customized based on the program requirements and your objectives. The format of the scope of work is provided below.

SCOPE DESCRIPTION

Overview of the FRA program and your objectives. A description of your facility, major processes, major equipment inventory, operating characteristics, energy data descriptions including energy sources and dataset duration and granularity, preliminary description of your existing energy management systems, and financial considerations for investment planning and decision making. The scope description may include pictures and diagrams of your facility and process layout based on the information collected during the virtual meeting.

METHODOLOGY

The FRA methodology and work process includes the following steps:

1. Pre-assessment Phase
2. On-site Assessment Phase
3. Assessment Results Phase

The pre-assessment includes a checklist of data collection, finalization of the assessment plan and schedule including. The pre-assessment phase will be one or two virtual meetings to collect the necessary data and communicate a detailed plan for the site visit. The primary focus of the pre-assessment is to complete sufficient utility billing and other detailed energy data analysis before the site visit. This analysis allows for a site visit focused on the main drivers of energy use and the operational considerations. This significantly improves site planning, time allocation, and productivity. The pre-assessment will conclude with an on-site visit plan sent about one week before the site visit.

The on-site assessment phase will generally be completed by one or two energy engineers beginning with a kick-off meeting to confirm the on-site plan and walk-through. The plan will generally prioritize the highest energy consuming areas or processes that were identified with the highest opportunity for energy waste reduction. The site visit will also examine current energy management practice design and implementation.

The site visit concludes with a briefing meeting to capture any action items and next steps.

The assessment results phase compiles the data, in depth analysis, and summarizes the findings and recommendations. Virtual meetings will be set-up to discuss any interim results and any gaps. A draft of the FRA Report will be submitted for your review and comment. A virtual meeting will be set-up to discuss your feedback before the final report and a management presentation is prepared. This phase concludes with the final FRA being presented to management in a virtual meeting. The intent is to inform management of any recommended SEMI activities.

The FRA methodology will be customized based on available data and information and your scheduling availability and facility access. The FRA must meet a certain qualification threshold for funding requirements such as facility wide energy use in all forms and reasonable consideration of the recommendations.

PRIMARY DELIVERABLE: FACILITY READINESS ASSESSMENT REPORT

Facility Readiness Assessment Report ("FRA Report") is the primary deliverable to meet the program requirements and align with your input on specific areas of investigation. The end result of the FRA Report is to unlock the other activities within the SEMI program including funding for additional energy studies, energy management information systems, and capital retrofits. The outcomes of the FRA Report include:

- **Understanding of facility wide energy use in all its forms.** This will include various visualizations such as energy maps, histograms, and charts. The data visualization insights are a function of your available data time series and granularity. This becomes an even more powerful tool if it is augmented with similar times series of independent variables.
- **Energy use analysis will include developing an energy model relating energy use to independent variables such as production and material inputs.** Key metrics such as energy intensity will be calculated and benchmarked against industry standards. A key element of the energy analysis is to assess your fixed and variable energy use and your controllable and uncontrollable energy use. Subject to the available data this is completed at the facility level or major process level and sometimes at the equipment level. This analysis focuses on evidence-based energy savings opportunities anchored in analytics.
- **Assessment of current energy management systems including energy information flows and management practices.** Energy management is driven by energy costs relative to other operating costs. This assessment will baseline current practice, benchmark against industry practices, and recommend an approach relative to impact for your organization accounting for a cost benefit analysis.

- **The FRA recommendations will be grouped into two categories:** 1) Energy savings opportunities for operational no-cost or low-cost improvements and potential capital retrofits, and 2) Participation in other SEMI program eligible activities tailored to your needs and objectives

DETAILED INTERIM DELIVERABLES

DELIVERABLES	DESCRIPTION
FRA Proposal	Collaboratively prepared document with the scope, deliverables, and budget including your in-kind contribution
Preliminary Data Collection Checklist	An itemized checklist to prepare the FRA Proposal
On-site Plan	Site visit plan including major facility areas to be visited
Draft Facility Readiness Assessment	Draft FRA Report for your review
Management Presentation	Slide deck of the executive summary
Final Facility Readiness Assessment	Final FRA Report

WORKPLAN

The FRA workplan will be provided in a tabular format segmented by the three phases in the methodology section including the following:

- Task description
- Planned schedule
- Resource allocation

The expected process subject to data and information availability and scheduling on-site visit(s), the FRA process is expected to take one to four months, in some cases based on facility size and complexity this may take six months. The intent is to provide you with an actionable FRA Report.

SCHEDULE B CO-FUNDING

The FRA Proposal will include the contribution provided by the SEMI program and specify your in-kind contribution and any financial contribution, if needed. For for-profit organizations, your total contribution must be at least 50% of the total cost of the FRA.

The SEMI program will directly pay the ERA's Service Provider. If there is a direct financial contribution required by you due to a co-funding shortfall, ERA's Service Provider will invoice you directly and establish payment terms within Schedule B of the FRA T&Cs set out below.

DESCRIPTION	CO-FUNDING BREAKDOWN
Facility Readiness Assessment – Total Value Facility Readiness Assessment includes the scoping, kick-off meeting, site visit(s), meetings, report preparation and report presentation.	100% Total Value
SEMI Program Funding Contribution	Equal to or less than 50% of Total Value (for for-profit organizations only)
Your In-kind and Financial Contributions (internal or external costs) Prior material including studies Other in-kind contribution	Equal to or greater than 50% of Total Value (for for-profit organizations only)