



STRATEGIC ENERGY MANAGEMENT FOR INDUSTRY

Strategic Energy Management (SEM) 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 of 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 ("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 the SEM. 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.

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.
- ▶ 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 STRATEGIC ENERGY MANAGEMENT (SEM)?

SEM is a structured process to improve an organization's energy performance through assessment, prioritization, and implementation of practices, processes, and policies that generate sustainable energy savings. The SEM activity uses a group training structure facilitated by a qualified energy practitioner through training, coaching, peer-to-peer knowledge sharing, and technical support. The facilitated SEM process is a guided discovery and multi-level assessment through the components of SEM including:

- ▶ Develop facility specific energy use, key performance indicators, energy baseline, benchmarks, and metrics, and quantification of controllable and uncontrollable energy use
- ▶ Develop energy management goals and targets relative to the importance of energy use in Your operations
- ▶ Assess current energy management resources and ability to add resources to reach Your goals and targets
- ▶ Establish a monitoring, reporting and communication framework aligned with Your organization's information flows
- ▶ Prepare an action plan to improve areas of focus integrating operations, maintenance, capital planning, and other departments
- ▶ Discover methods of continual improvement, various energy management standards, and how to incorporate into Your organization
- ▶ Learn through peer activities such as group discussion and case studies within Your energy management training group

YOUR RESPONSIBILITIES

Like safety, environmental compliance, and quality management, SEM requires an organizational commitment, understanding the operational and financial relevance of energy use, and the value proposition to improving energy use. As such, the SEM activity requires the following from You to maximize the benefits:

- ▶ Appoint an executive sponsor to engage the executive team, to provide organizational coaching for the energy manager, and champion the value of improving energy performance within Your facility
- ▶ Register an employee as the facility energy manager to actively participate in the SEM initiative. The energy manager needs to have access to the data and resources to assess and prepare plans relevant to Your organization
- ▶ Incorporate SEM principles, activities, and recommendations appropriate for Your organization
- ▶ Minimum attendance record of 80% to the workshops and virtual sessions

IN-KIND CONTRIBUTIONS

For-profit organizations must cover 50% of the cost to participate in SEM; 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 SEM and prior energy management activities that contribute value to Eligible Activities. You are also required to disclose any other government funding You may use for the SEM and other Eligible Activities.

ENROLLMENT PROCESS

THE SEM ENROLLMENT PROCESS INVOLVES THE FOLLOWING STEPS:

1. **You register via the SEMI online portal.**
2. **You apply to complete a FRA.**
3. **Once the FRA is complete, the SEMI program will qualify Your eligibility for SEM.**
4. **Enter into this Agreement including the scope of work and co-funding schedules.**

The SEM commitment & co-funding ("Schedule A: SEM Commitment & Co-funding") will define, amongst other things, scope description, the approach and methodology, work plan, SEM deliverables, 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 Activities and/or the 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, Service Provider, 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, Service Provider, 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
- ▶ 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 supporting documentation to determine in-kind contributions
- ▶ 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 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

SEM Commitment & Co-Funding

Strategic Energy Management Activity (SEM) will require your active participation.

The SEM curriculum is structured and planned over a period of 12-24 months. You will need to actively participate for all planned activities and apply the learnings within your facility. In other words, participation in the curriculum is not sufficient for co-funding, you are expected to improve the energy management practices and outcomes at your facility. Depending on the size and complexity of your facility, we anticipate that 50-100% of your time will be dedicated to advancing strategic energy management in your operations.

KEY OUTCOMES

The key outcomes resulting from your active participation in SEM will include the following:

- ▶ Increased knowledge of energy management best practices
- ▶ Improved energy performance within your facility
- ▶ Facilitate your ability to build a business case to advance energy performance activities within your facility
- ▶ Comprehensive assessment of current energy management practices to establish a baseline
- ▶ Customized energy management plan for your organization incorporating an energy management policy statement, overall goals, energy reduction target, and an energy monitoring system
- ▶ Deep analytical understanding of energy use in your facility including an energy consumption baseline, energy metrics and intensity, energy comparative benchmarks, etc.
- ▶ Opportunity list to improve your facilities energy management including capital retrofits
- ▶ Resources available to continue your energy management journey

STRUCTURE

SEM will include a curriculum primarily derived from current energy management standards and customized for the participants in each group session. The customization will focus on using examples and case studies applicable to your industry. SEM will be delivered using a variety of modalities to ensure participants attain their learning objectives. SEM will begin with a detailed review of the full curriculum, development of a learning plan focused on sessions requiring lead time, and confirmation that all participants can attend the in-person workshops. SEM will range between 12-24 months to accommodate the SEMI program cycle, and the pace requested by most of the group participants.

Each workshop will be accompanied by pre-reading material and an experiential learning activity to support the key components.

DESCRIPTION	DURATION	FREQUENCY
In-person kick-off session	3 hours	Once
In-person workshops	4-6 hours	Every 3 months
Virtual check-in	2 hours	Between each workshop
One-on-one check-in	1 hour	Monthly
In-person closing session and social	4 hours	Once
Ad hoc	Varies	As requested

The majority of the key components of strategic energy management will be covered in the in-person workshops. The chronology and schedule will be provided in the kick-off session.

CO-FUNDING

SEM is funded by the SEMI program. The co-funding model includes a contribution from you that can be provided as an in-kind contribution or a direct financial contribution. The intent is that you will be able to make your contribution with in-kind contributions. The SEMI program will work with you to identify and qualify your in-kind contributions. The most common in-kind contribution will be your time commitment to participate in SEM and all other time and activities that you undertake to perform the requirements of the curriculum. We anticipate most SEM participants to dedicate 50-100% of their time during the enrollment period. In addition, other in-kind contributions may include the engagement of other people at your facility, prior energy audits and studies, data acquisition expenses, or other expenses you may incur that are deemed eligible by the SEMI program.

The SEMI program will directly pay ERA's Service Provider. If there is a direct financial contribution required by you, ERA's Service Provider will invoice you directly and establish payment terms with you.

SEM APPROACH AND METHODOLOGY

SEM is structured around key conceptual components proven to drive energy performance improvements. These are not new concepts but have only recently been systematically applied to energy management. In the past, energy use was often considered uncontrollable and often unmeasured in any level of granularity. Today, driven by several business imperatives, energy management is being implemented to eliminate energy waste, mitigate energy risks, and drive improved financial performance.

SEM will be facilitated by a qualified energy practitioner. SEM is delivered as group training for 5-10 facilities. The training groups will be assembled at the discretion of ERA using the following principles:

- ▶ Group training members will be from non-competing organizations
- ▶ Geographically close to allow a combination of in-person and virtual meetings
- ▶ As best as possible, organizations of similar size, complexity, and energy intensity

The content includes considerable concepts from business management, finance and accounting, science and engineering, mathematics and statistics. Participants from a wide range of backgrounds can successfully engage and support their organizations in advancing energy performance. The general technical components will include time series data analysis, regression analysis (single and multi-variable), and understanding error functions. Specific technical analysis will focus on understanding energy use of major equipment or processes by developing baseline models, applying first principles to determine

theoretical energy use, and estimating energy use based on operational or capital improvements. The ideal candidate needs basic engineering concepts and an understanding of developing integrated technical and financial models. Any skills gaps will be addressed through self-learning modules or one-on-one support.

PLAN – DO – CHECK – ACT

SEM uses the Deming cycle of Plan – Do – Check – Act to incorporate managerial and technical elements for persistent improvements in energy management. Currently, there are three common energy management frameworks used by leading industrial and manufacturing organizations as follows:

- ▶ ISO 50001
- ▶ ISO 50001 Ready
- ▶ Energy Star for Industry

SEM will incorporate concepts and principles from all three frameworks and work with group training participants to develop the appropriate pathway for their organization. These frameworks are used as references and guidance. The intent is not to implement one of these frameworks unless the group training member determines this as the appropriate plan for their organization.

PROFESSIONAL DEVELOPMENT EDUCATION

SEM is structured using the principles of professional development. A very important part of the SEM is for all participants to actively participate by sharing their experiences (successes and learning opportunities), tools used, methods, and lessons learned. The energy management practitioner will facilitate smaller group projects and case studies and networking activities. Participation in SEM may qualify towards professional development units.