



METHANE REDUCTION DEPLOYMENT PROGRAM

Project Cost Guide

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Project Cost Guide

Introduction

Emissions Reduction Alberta's (ERA) Methane Reduction Deployment Program is designed to help Alberta's oil and gas industry cut methane emissions faster and more cost-effectively.

Funded through Alberta's Technology Innovation and Emissions Reduction (TIER) system, the Program supports the deployment of commercial-ready technologies that reduce methane emissions through a variety of methods, including detection and measurement. The Program maintains an updated list of eligible methane reduction technology types that qualify for incentive funding from ERA ([Eligible Technologies List](#)).

For a detailed description of eligibility rules for applying for financial incentives under the Program, applicants are encouraged to read the Methane Reduction Deployment Program Terms and Conditions ([Terms and Conditions](#)), along with the Program Guide ([Program Guide](#)). The Program specific definitions referred to in this document are available in the Terms and Conditions. Please note that the Terms and Conditions shall control and supersede any inconsistencies, conflicts, or ambiguities within this Project Cost Guide.

This is a guidance document that allows the Program applicant to track and tabulate a project's eligible expenses. Program applicants must track and keep **all** invoices and receipts, as they are required documentation. A Project Cost Workbook, available on the [Program Application Portal](#), accompanies this guide.

If you require additional assistance, please contact us: support@mrp-deployment.ca

Eligible Project Costs

The eligibility criteria for Eligible Project Costs are outlined below:

- Eligible Project Costs must be incurred directly for the purchase and installation of an eligible technology. This includes, but is not limited to, equipment and materials, labour, design and other expenses.
- No more than 10% of the Eligible Project Costs can be attributed to Front-End Engineering Design (FEED) costs.
- No more than 15% of the Eligible Project Costs can be attributed to overhead, administrative, and internal expenses.
- To be an Eligible Project Cost for the Procurement Incentive Payment, all equipment must be in the possession of the Participant and ready to be installed.
- To be an Eligible Project Cost for the Project Completion Payment, the Eligible Technology must be fully installed and in operation on or before the Project Completion deadline approved by ERA during the application phase.
- The Eligible Project Cost must be incurred after the Program launch date and prior to the Project Completion deadline approved by ERA during the application phase.

- Some Eligible Project Costs can be incurred prior to project approval, including FEED, flow rate measurements, gas composition analysis, and ordering of project equipment, at the risk of the applicant. However, project construction or installation cannot occur before the project application is approved.
- ERA may require additional information to ascertain whether a submitted cost qualifies as an Eligible Project Cost.

1.1 Equipment and Materials Costs

1.1.1 Project Equipment

Project-specific equipment costs refer to the actual Eligible Technology being installed at an eligible Facility as defined in the Eligible Technologies List.

- Examples of project equipment include items such as instrument air compressors, electric pumps or controllers, Vapour Recovery Units (VRUs), packaged equipment from an original equipment manufacturer (OEM), and required auxiliary equipment for installation supplied with the Eligible Technology.
- Refurbished or retrofitted equipment, such as VRUs and engines, is eligible for funding if proper documentation has been provided. Refurbished equipment requirements and supporting documentation requirements are available on the Program web page.
- **Required** data inputs in the Project Cost Workbook for major equipment include, but are not limited to, Petrinex Facility ID and/or Petrinex Location LSD, Facility Type (well site, single well battery, gas plant, pipeline, etc.), project equipment make and model, serial number(s), and estimated procurement and installation dates.

1.1.2 Installation Materials

Installation materials refer to the supplementary items required to complete the installation of the Eligible Technology.

- Examples of materials include items used to install the Project equipment, including but not limited to items such as piping, tubing, flanges, valves, etc.
- Project consumables such as tags, thread sealant/lubricant, flange covers, etc., are also eligible under this category.

1.1.3 Construction Equipment

Construction equipment is defined as any heavy equipment required to complete project-related tasks, including but not limited to excavation, earth moving, material handling, and personnel assistance.

- Examples of construction equipment costs include, but are not limited to, items such as rental equipment (scaffolding, washroom facilities, portable offices, boom lifts, etc.), heavy lifting equipment, excavation equipment, transportation, and trucking.

1.2 Labour Costs

1.2.1 Labour

Labour is defined as third-party expenses related to human effort and skills to complete tasks within the scope of the Project.

- Examples of labour include, but are not limited to, engineering costs (excluding FEED), delivery and transportation costs, construction, and installation of the Eligible Technology.

1.3 Design & Other Costs

1.3.1 Administration & Internal Expenses

The maximum amount of Incentive Payment that may be utilized for overhead, administrative, and internal expenses is 15% of total Eligible Project Costs. Services that occur without the formal exchange of funds or the issuance of formal invoices and receipts may be considered by ERA on a case-by-case basis.

- Examples may include project scheduling, project management, project-related meetings, etc.
- Reasonable estimates must be included in the Project Cost Workbook.

1.3.2 Front End Engineering and Design Costs (FEED)

The maximum amount of Incentive Payment that may be utilized for FEED costs is 10% of the total Eligible Project Costs.

- Examples of FEED costs include, but are not limited to, process engineering/simulations, instrumentation and control designs, electrical engineering studies, 3D modeling and CAD deliverables, etc.

Ineligible Costs

This section highlights the costs that are ineligible and therefore cannot be included in the total eligible costs used to determine the Incentive Payment.

Ineligible costs include the following:

- Costs to repair or refurbish existing or used equipment (exception for VRUs and engine retrofits).
- Costs to prepare or modify the facility, other than where the work is directly related to the installation of the methane reduction technology.
- Costs for aesthetic improvements.
- Costs to operate, maintain, or upkeep equipment.
- Regulatory approvals, including post-project verification/commissioning.
- Site security.
- Any fines relating to parking, impoundment, or traffic infractions.
- Cancellation and/or no-show charges.
- Intellectual Property (IP) protection, research project, or studies.

- Any costs that have received financial incentives, funding, subsidies, grants, or other contributions from a third party that are not in compliance with the Program Guide.
- GST or any other provincial sales taxes.
- Duties, customs, and tariffs.
- Costs to purchase warranties or insurance.
- FEED costs exceeding 10% of the total Eligible Project Costs.
- Overhead, administrative, or internal costs exceeding 15% of the total Eligible Project Costs.
- Any costs incurred after the Project Completion Date.
- Any tax costs that result from participation in the Program.
- Any internal labour or installation costs incurred by the Participant during the installation of the eligible technologies.
- Any damages or destruction of on-site property – for example, flat tires, internal damage from improper blowdowns, etc.

An ineligible cost tab is included in the cost workbook; however, only the following costs are required to be recorded:

- GST or any other provincial sales taxes, customs, duties, and tariffs.
- Any cost incurred after the Project Completion Date.

Project Cost Workbook

A Project Cost Workbook is provided to the applicant to track estimates, procurement documentation, and final project completion costs. Please follow all the instructions in the Project Cost workbook. The workbook has three tabs:

- Major Project Equipment Details
 - Details include equipment description, serial number, date of delivery, date of installation, project locations (UWI/Petrinex), etc.
- Eligible Costs
 - Cost Type – example: Purchase order, Invoice, Estimate.
 - Cost Category – example: Project equipment, materials & supplies, Labour.
 - Cost Subcategory – example: Electric pump, Tubing, Fittings.
 - Estimated rate/costs.
 - Final rate/costs.
- Ineligible Costs
 - Ineligible Costs have been included in the Project Cost Workbook for the applicants own tracking.
 - Only GST or any other provincial sales taxes, duties, tariffs, customs, and any costs incurred after the Project Completion date are required to be entered into the Project Cost Workbook.

Project Cost Documentation

Table 1 shows the required supporting documentation that the applicant will upload to the Portal in each phase of the Program. The Program Guide details the file requirements and naming conventions.

Table 1: Required Supporting Documentation

Eligible Cost Category	Application Submission	Procurement Submission	Completion Submission
Equipment and Material Costs	Equipment and Materials Supplier Estimates/Price Quotes	Purchase Orders / Invoices / Authorization for Expenditure (AFE) with detailed cost breakdowns	Proof of Payment, such as invoices stamped with date paid, copies of payment cheques, receipts, etc.
Labour Costs	Installation labour cost estimates, including transportation and delivery costs	Timecards with hourly rates / Purchase Orders / Invoices / Authorization for Expenditure (AFE) with detailed cost breakdowns	Proof of Payment, such as invoices stamped with date paid, copies of payment cheques, receipts, etc.
Design and Other Costs	FEED estimates, reasonable estimates of administrative expenses	Timecards with hourly rates / Purchase Orders / Invoices / Authorization for Expenditure (AFE) with detailed cost breakdowns	Proof of Payment, such as invoices stamped with date paid, copies of payment cheques, receipts, etc.

Scope Changes

Please review the Program Guide for details on scope changes. Scope changes will be considered on a case-by-case basis. Depending on the nature of the scope change, additional documentation, cost estimates, proof of invoice, proof of payment, and cost workbooks may be required to be resubmitted to the Portal. ERA has sole discretion to approve or deny any change request.