

**PURPOSE OF THE PROGRAM**

The Bioenergy Producer Credit Program (BPCP) is intended to encourage investment in bioenergy production capacity in Alberta in order to reduce reliance on fossil fuels, support Alberta's Renewable Fuels Standard and create value-added opportunities with economic benefits.

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**A. PRINCIPLES**

- The extended BPCP applies to bioenergy production in Alberta from April 1, 2011 to March 31, 2016.
- Funding will be provided to applicants who have entered into, and comply with, a BPCP grant agreement.
- All eligible applicants shall be offered support for qualifying production up to a maximum level of support that Alberta Energy determines for each program and each call period.
- Alberta Energy has full discretion to determine eligibility under the BPCP.

**B. APPLICATION AND APPROVAL**

- Applications shall be accepted annually during a call period specified by Alberta Energy, subject to funding available to support new applicants in the remaining years of the BPCP.
- For facilities not in production at the time of application, applicants are to demonstrate that a facility has a high certainty of achieving production by a date that is no later than March 31<sup>st</sup> of the second year for which the applicant has been approved under the BPCP.
- Applicants are approved for all remaining years under the BPCP, subject to complying with the terms and conditions of the grant agreement.

**C. DISTRIBUTION OF FUNDS**

- Funds shall be distributed to approved applicants using the following mechanisms:
  - during a call for applications, producers shall apply for the annual quantity of eligible bioenergy production which they commit to produce each year and request to receive support for;
  - Alberta Energy determines the maximum level of support for each call period;
  - Alberta Energy will offer grants to successful applicants to support production up to the quantity applied for and not to exceed the maximum level of support determined for that call period; and
  - If, as a result of a call for applications, new applicants are approved to receive support for a lesser quantity of committed production than applied for Alberta Energy may consider providing support up to the quantity of production applied for if funds are available for distribution at the end of each Program Year.
- Support paid for production from a facility in a program year under all programs shall not exceed \$25.5 million.
- Support paid for production from a facility under each program in a program year shall not exceed the maximum support amounts listed in Table 1.

**Table 1: Distribution Factor and Maximum Support Used in Determining the Level of Support**

<b>Program #</b>	<b>Type of Production</b>	<b>Distribution Factor</b>	<b>Maximum Support per Facility per Program Year</b>
Program 1	Second generation ethanol or other second generation renewable fuel alcohol	1.00	\$25,500,000.00
	Renewable diesel or pyrolysis oil	0.93	\$24,000,000.00
	Qualifying first generation ethanol or other first generation renewable fuel alcohol	0.71	\$18,000,000.00
Program 2	Gas products and resulting electricity or heat from those gas products or from gasification	0.45	\$11,475,000.00
Program 3	Wood pellets, biomass pellets or biocarbon	0.10	\$2,550,000.00
Program 4	Combustion – electricity or heat	0.29	\$7,364,836.68

**D. SUPPORTED BIOENERGY PRODUCTS**

- Products supported under the BPCP fall into four programs:

Program 1. Liquid biofuels, including renewable diesel, pyrolysis oil, ethanol and other renewable fuel alcohols produced from feedstocks other than cereal grain, and ethanol and other renewable fuel alcohols produced from cereal grain at integrated facilities. Qualifying biofuels must be certified to meet fuel-grade ASTM or Canadian General Standards Board (CGSB) specifications.

Program 2. Biogas (green natural gas) from manure, landfill and human wastewater, biomass gasification and syngas not consumed by the production facility (sold or delivered off site) certified to meet fuel-grade ASTM, CGSB or other specifications accepted by Alberta Energy;  
Electricity generated by a producer of these gas products who is a market participant in Alberta's interconnected electric system, has a nominal capacity of at least 150 kilowatts and is not an approved micro-generator under the Micro-Generator Regulation;  
Heat production and waste heat recovery from production of gas products or electricity from those gas products.

Program 3. Wood pellets, other biomass pellets or biocarbon with a high heating value of at least 16.5 megajoules per kilogram certified to meet fuel product specifications and standards accepted by Alberta Energy.

Program 4. Generation of electricity by combustion of biomass by a market participant in Alberta's interconnected electric system, who has a nominal capacity of at least 150 kilowatts and is not an approved micro-generator under the Micro-Generator Regulation;  
Heat produced by combustion of biomass, including cogeneration. Stand-alone heat production systems must be capable of producing a minimum of 50,000 Gigajoules of heat per year.

- All bioenergy products receiving support must meet eligibility criteria such as commercial standards, accurate measurement, greenhouse gas emissions reductions and use of eligible feedstocks.
- The BPCP is intended for bioenergy producers. Consumers of qualifying bioenergy products are not eligible.
- Bioenergy products consumed by the facility may qualify for support, with the exception of Program 2 gas products (biogas, syngas, etc.) which must be sold or delivered to a third party to qualify for support.
- If bioenergy products are produced in succession at the same facility, only one product may receive support.

- Electricity produced from biomass qualifies for support whether the electricity is consumed on site or sent to the grid.

#### **E. PRODUCER CREDIT RATES**

- Support for qualifying production is based on the following rates, subject to the maximum levels of support:

PRODUCER CREDIT RATES		
Program 1: Liquid Biofuels	First 150 million litres	In excess of 150 million litres
First Generation Ethanol or other fuel alcohol	\$0.10 per litre	\$0.06 per litre
Second Generation Ethanol or other fuel alcohol	\$0.14 per litre	\$0.09 per litre
Renewable Diesel, Pyrolysis Oil	\$0.13 per litre	\$0.09 per litre
Program 2: Syngas, Biogas, Green Natural Gas and Electricity or Heat		
Electricity	First 26,280 Megawatt hours \$0.06 per kilowatt hour	In excess of 26,280 Megawatt hours \$0.017 per kilowatt hour
Sold Gas Products	\$2.00 per Gigajoule	
Heat	\$1.00 per Gigajoule	
Program 3: Wood Pellets, Biomass Pellets, Biocarbon		
	\$35.00 per tonne	
Program 4: Electricity and Heat from Combustion of Biomass		
Electricity	\$0.02 per kilowatt hour	
Heat	\$0.50 per Gigajoule	

#### **F. REPORTING, INVOICING AND PAYMENT**

- For production reporting and payment purposes, production is measured at the point of sale or delivery off-site or at the point of consumption on-site, and the production date is based on the date of sale, transport off-site or consumption on-site.
- Invoices, quarterly reports, progress reports, forecast reports and annual reports must be submitted complete and on time.
- Payment approved by Alberta Energy will normally be made by electronic funds transfer to the Applicant's financial institution.

#### **G. COMPLIANCE**

- Failure to meet terms and conditions of the grant agreement may affect the level of grant support provided and may lead to termination of the agreement.
- Alberta Energy may terminate an agreement if not satisfied with the recipient's performance under the terms of the grant agreement.
- In the event of non-compliance, Alberta Energy has full discretion in accepting force majeure, including circumstances that Alberta Energy considers unforeseeable and beyond the recipient's control that do not relate to financing, the economy and markets.

#### **H. PROGRAM ADMINISTRATION**

- The program is administered by Alberta Energy.
- Receipt of support for bioenergy production is subject to the terms of an agreement with the Government of Alberta, issued in accordance with the Alberta Energy Grant Regulation (AR 103/2003).
- Applicants or their authorized signing officers must complete the BPCP application and supply any documents which are required in accordance with the timelines set out in the grant agreement, or as requested by Alberta Energy.
- All grants are subject to provincial audit to verify the quantity and eligibility of production receiving support.
- The information obtained under a BPCP agreement becomes the property of the Minister of Energy and will be subject to the provisions of the *Freedom of Information and Protection of Privacy Act*.
- Program results will be published and updated at least annually. Applicant name (company), grant amount, facility location and aggregate data on bioenergy production and payment may be published.

#### **I. PROGRAM BUDGET**

- The Program Budget is revised at least annually as part of the Government of Alberta's annual budget.
- Effective March 2013, annual Program budgets confirmed to date are as follows:

Year 1	Year 2	Year 3	Year 4	Year 5
2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
\$46 Million	\$66 Million	\$98 Million	\$116 Million	\$114 Million

- For additional information on the current Program budgets amounts for Program Year 3 through Year 5, please refer to [Budget 2013](#) and the [Ministry of Energy Business Plan 2013-2016](#).