

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.

A. PRINCIPLES

- The extended BPCP applies to bioenergy production in Alberta from April 1, 2011 and March 31, 2016.
- Funding will be provided to applicants who have entered into and comply with a BPCP grant agreement.
- Eligible applicants shall benefit from a maximum level of production support for all facilities under each program.
- Available funds will be fully utilized.
- 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.
- Applications will be accepted for producing facilities and for proposed facilities that will be producing no later than March 31st of the second year approved under the BPCP.
- Applicants are to demonstrate that a facility has a high certainty of production by being a producing facility at the time of application or, if not yet producing, by demonstrating all permits and approvals required to commence production are in place and major equipment has been received, purchased or is on order with a firm financial commitment.
- Applicants that cannot provide this level of certainty for their facility may be approved under the program prior to production by posting a performance bond valued at 25 per cent of their annualized production obligation. This performance bond shall forfeit to the Province if an approved applicant fails to meet their production timeline.
- 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

- All available funds shall be distributed to approved applicants using the following mechanisms:
 - Alberta Energy sets a maximum level of annual production that may receive credit support per facility under each program (production commitment).
 - Producers shall propose the quantity of production for which they are requesting to receive credits (production obligation).
 - Alberta Energy shall approve support for the quantity of production for each recipient (their production obligation) that is equal to or less than the maximum level of support (the production commitment).
 - A year-end adjustment may be made to distribute any unused funds to producers with production in excess of their production obligation.
- Production commitments are set and funds remaining at year end are distributed in accordance with the ratios listed in Table 1.
- The maximum annual credit paid to a facility approved under each program shall not exceed \$25.5 million multiplied by the same ratios listed in Table 1.

Program #	Type of Production	Distribution Factor
Program 1	Second generation ethanol	1.00
	Renewable diesel	0.93
	First generation ethanol	0.71
Program 2	Gasification – electricity or heat	0.45
Program 3	Wood pellets	0.10
Program 4	Combustion – electricity or heat	0.29

D. SUPPORTED BIOENERGY PRODUCTS

- Products supported under the BPCP fall into four programs:
 - Program 1. Liquid biofuels, including ethanol, other renewable fuel alcohols, renewable diesel and pyrolysis oil 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 and has a nominal capacity greater than one megawatt; 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 and has a nominal capacity greater than one megawatt; heat produced by combustion of biomass, including cogeneration. Stand-alone heat production systems must be capable of producing a minimum of 50,000 GJ per year of heat.
- All bioenergy products receiving credits must meet eligibility criteria such as commercial standards, accurate measurement 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 credits with the exception that Program 2 gas products (biogas, syngas, etc.) must be sold or delivered to a third party to qualify for credits.
- If bioenergy products are produced in succession at the same facility, only one product may receive credits.
- Electricity produced from biomass qualifies for credits whether the electricity is consumed on site or sent to the grid.

E. PRODUCER CREDIT RATES

- The credit rates for qualifying production are as follows, subject to maximum levels of support:

PRODUCER CREDIT RATES		
Program 1: Liquid Biofuels	First 150 million litres	In Excess of 150 million litres
1st Generation Ethanol, Methanol	\$0.10 per litre	\$0.06 per litre
2nd Generation Ethanol, Methanol	\$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 kWh	In excess of 26,280 Megawatt hours \$0.017 per kWh
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 credit 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, semi-annual progress reports, forecast reports and annual reports must be submitted complete and on time.
- Payment of credits approved by Alberta Energy will 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 production eligibility for credits and may lead to termination of the agreement.
- If applicable, a performance bond shall forfeit to the province if an applicant fails to comply with the terms and conditions related to advancing a project to produce by agreed to timelines.
- 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 credit 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 credits on bioenergy production is subject to 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 officer 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 credits.
- 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 update at least annually. Names of approved companies and facilities and aggregate data on bioenergy production and credit payment information may be published.

I. PROGRAM BUDGET

2011/2012	2012/2013	2013/2014
\$58 Million	\$108 Million	\$170 Million