



**STRATEGIC ENERGY
MANAGEMENT**
FOR INDUSTRY

Energy Assessments and Audits (EAA) Terms and Conditions

REV 1.0

Terms and Conditions

PROGRAM OVERVIEW

Emissions Reduction Alberta's Strategic Energy Management for Industry (SEMI) program 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 to complete a Facility Readiness Assessment (FRA). 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 recommendations to implement further eligible activities for Your consideration. Not all recommendations are mandatory to implement for participation in SEMI.

ONCE THE FRA IS COMPLETE, YOU MAY PARTICIPATE IN THE FOLLOWING ELIGIBLE ACTIVITIES ("ELIGIBLE ACTIVITIES"):

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

This Agreement is only applicable to EAA.

ELIGIBILITY

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

- ▶ You have completed the FRA funded by the SEMI program.
- ▶ 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 are Energy Assessments and Audits (EAA)?

EAA evaluate Your facility's energy use on a facility wide basis to investigate energy savings opportunities. An EAA can include the application of computational fluid dynamics or process integration studies.

The scope of the EAA will target systems that service the entire facility like steam, process heat, or compressed air systems. The EAA will describe the current equipment and operating conditions and the proposed energy efficient alternative and the associated energy savings and other benefits. The EAA will provide a business case related to the proposed energy saving opportunities with sufficient economic analysis to support business decisions. The expected level of accuracy of the EAA is +/- 25% for energy savings and capital costs.

This Agreement will apply to, and govern, any EAA project approved by ERA and undertaken by You.

YOUR RESPONSIBILITIES AND ENROLLMENT PROCESS

The EAA enrollment process involves the following steps:

- ▶ Register via the SEMI online portal and complete a FRA.
- ▶ On the online portal, submit an EAA application.
- ▶ Select a SEMI registered contractor who will perform the EAA and provide the required information.
 - ▶ To become an approved contractor in SEMI, contractors will first need to register on the online portal.
- ▶ Enter into this Agreement upon SEMI program pre-approval notification.
- ▶ Complete the EAA before March 31, 2027.
- ▶ Submit the draft EAA report via the online portal.
- ▶ Revise the EAA report incorporating ERA's or ERA's service provider's feedback and submit the final report via the online portal.
- ▶ Submit the EAA completion documents via the online portal.
- ▶ Submit Your EAA incentive invoice in respect of eligible expenditures, as contemplated and described in Schedule B hereto, to receive the incentive payment.

PLEASE REFER TO THE APPENDICES FOR ADDITIONAL INFORMATION ON FOLLOWING:

- ▶ Schedule A – EAA Scope & Estimated Savings
- ▶ Schedule B – Projected Eligible Expenditures
- ▶ Schedule C – Co-Funding Details

ADDITIONAL TERMS AND CONDITIONS

- ▶ 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 release and agree 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 out 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 Your in-kind and cash contributions to Your EAA project.
- ▶ 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 shall not sell, lease or otherwise dispose of Your freehold or leasehold interest, as applicable, in the facility, nor any goods acquired or used for Eligible Activities without the prior written consent of ERA, which consent may be withheld at ERA's sole, absolute and unfettered discretion, prior to the completion of Eligible Activities and for three (3) years thereafter. You shall not assign this Agreement nor any of Your rights, title, interest or obligations herein, in whole or in part, without the prior written consent of ERA, which consent may be withheld at ERA's sole, absolute and unfettered discretion.
- ▶ ERA may declare that an event of default under this Agreement has occurred if:
 - ▷ 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;
 - ▷ An order is made which is not being contested or appealed by You or a resolution is passed for Your winding up or You are dissolved;
 - ▷ In the opinion of the ERA, there has been a misrepresentation or breach of warranty made, or given, by You in this Agreement;
 - ▷ 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;
 - ▷ If You effect any sale, lease, disposition or assignment that does not comply with Section 11 above;
 - ▷ 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
 - ▷ 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):
 - ▷ 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;
 - ▷ Terminate this Agreement; and
 - ▷ 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.

Legal Name of the Participant:

Signed By:

Participant Signature and Date:

Luca Jungen, ERA Efficiency Program Delivery Lead:

SCHEDULE A

EAA SCOPE

DELIVERABLES	DESCRIPTION
Facility Name & Address	
Study Name	
Study Description Refer to the study proposal for the details.	
Baseline Electrical Energy Use (kWh)	
Baseline NG Energy Use (GJ)	
Baseline Other Energy Use (GJ)	
Facility Annual Energy Costs (\$)	
Eligible Contractor's Information	
Project Start Date	
Estimated Completion Date	

SCHEDULE B

ELIGIBLE EXPENDITURES

The Activity Expenditure Form, incorporated herein as Schedule B, is provided in Excel format and is available for download through the SEMI Program’s secure online portal. An example of the form is provided below.

Description of Service	Invoice / Quote Date	Reference Number	Contractor or Supplier Name	Amount of Invoice / Quote (GST Exclusive)	GST
Total Eligible Costs					

Where Your Eligible Contractor or You are working on the study, the expense is one of the following that are directly related to the Energy Assessments and Audits (EAA):

- i.

Energy savings assessment costs including measurements, metering, data collection and analysis;
- ii.

Engineering design (structural, electrical, civil, geotechnical) costs;
- iii.

Costs to obtain permits;
- iv.

Costs to obtain inspections;
- v.

Equipment leasing and rental.

The following expenses are not eligible expenditures:

- a.

Any costs that are not directly required to the EAA;
- b.

Any costs incurred prior to October 16, 2024 or after March 31, 2027
- c.

Any costs that have received financial incentives, funding, subsidies, grants or other monies from Canadian government sources (federal, provincial, territorial, and municipal)
- d.

GST or any other provincial sales taxes;
- e.

Costs to purchase warranties or insurance;
- f.

Overhead, administrative, or internal costs that are not directly related to the EAA;
- g.

Costs to complete SEMI Program documents;
- h.

Any tax costs that result from participation in the SEMI Program; and
- i.

Project contingency costs that exceed 10% of the EAA incentive approved in the Terms and Conditions or the most recent Major Application Change Approval Notice, if applicable.

SCHEDULE C

CO-FUNDING DETAILS

DESCRIPTION	CO-FUNDING BREAKDOWN
Energy Assessment and Audit Eligible Expenditure as per Schedule B	
Funding from other Government Sources	
SEMI Program Contribution	
Your Financial Contributions	