



## Methane Emissions Reduction Baseline Opportunity Assessment (BOA) and Leak Detection and Repair (LDAR) Studies and Direct to Capital (DTC) Applications Terms and Conditions

These terms and conditions (“Terms and Conditions”) apply to all participants in Energy Efficiency Alberta (“EEA”) financial incentives under its Methane Emissions Reduction (“MER”) Initiative to facilitate the implementation of measures that reduce methane emissions and associated greenhouse gas (“GHG”) emissions by Oil & Gas customers with facilities operating within the Province of Alberta. MER Initiative may be implemented by EEA and/or CLEAResult Canada Inc., as EEA’s third-party administrator (“Consultant”).

MER Initiative offers two types of incentives:

- a- Baseline Opportunity Assessment (BOA) and Leak Detection and Repair (LDAR) Studies which includes detailed inventory quantification and associated methane emissions, leak detection and repair and a BOA summary report including emissions summary of each facility surveyed.
- b- Direct to Capital (DTC) Applications which include two components:
  - Direct to Capital Studies (DTC Studies) which identifies and quantifies opportunities for methane emission reductions through the implementation of capital projects.
  - Direct to Capital Projects (DTC Projects) incentives designed to accelerate the implementation of capital projects that reduce methane emissions.

MER Initiative measures are defined as those measures that reduce methane emissions and associated GHG emissions through equipment leak repair and/or the installation of capital equipment upgrades at customer-owned facilities.

“Applicant” is defined as a Program Ally or a Facility Owner.

Program Ally (“PA”) is defined as an industry professional that has been prequalified to provide MER services and is eligible for incentives under these Terms and Conditions.

Facility Owner is defined as the legal owner of one or more Oil & Gas facilities located in the Province of Alberta that is eligible for incentives under these Terms and Conditions.

Installed Incentivized Repairs, Equipment, and Products are defined as equipment and/or products installed, improved, repaired or otherwise upgraded under the terms and conditions of this agreement and for which MER Initiative incentive have been paid to the Applicant by EEA.

More details on eligibility including eligible projects, and eligible/ineligible expenses can be found on the MER Initiative page at <https://www.encyalberta.ca/customsolutions/methane/>.

By submitting an application to EEA for a MER Initiative incentive, the Applicant acknowledges and agrees that:

- a) The Applicant is an eligible Applicant as described in these Terms and Conditions.
- b) The Applicant represents and agrees that all information submitted to EEA under these Terms and Conditions is true and valid and that the Applicant has conformed to all MER

Initiative requirements and other requirements communicated to it by EEA and/or the Consultant or set out in these Terms and Conditions.

- c) The Facility Owner represents and agrees that the facility qualifies for MER Initiative incentives by not being classified as a Large Final Emitter (“LFE”)<sup>1</sup>, or not having opted into the *Carbon Competitiveness Incentive Regulation*.
- d) The Applicant is not applying for any assessment, study or capital project incentives that support any and all initiatives that have been deemed mandatory by Alberta Energy Regulator (AER) and/or other provincial regulatory requirements.
- e) The Applicant will apply best efforts to meet measure repair, installation milestones and in-service dates specified in the project application, pre-approval notifications and applicable pre and post-site inspections, and to ensure that all measures are installed and operated in a manner that will achieve their estimated effective useful life.
- f) The Facility Owner will commit facility operations staff time to support the MER BOA and LDAR Studies and/or MER DTC Applications (DTC Studies and DTC Projects) and to provide operations (e.g. Work Orders) and equipment documentation, facility and control system access and implementation cost data required to complete the MER BOA and LDAR Studies and/or MER DTC Applications (DTC Studies and DTC Projects).
- g) MER DTC Projects Incentives (as a component of DTC Applications) provided pursuant to these Terms and Conditions are for new equipment only and incentives under MER Projects cannot be used in combination with any other EEA offer, rebate or incentive.
- h) Equipment or products installed as part of MER DTC Projects must be installed at an eligible customer owned facility or facilities within the Province of Alberta and Installed Incentivized Repairs, Equipment and Products must reduce methane emissions resulting in GHG emission reductions.
- i) Applications for MER DTC Projects incentives must be submitted as a component of DTC Applications and be pre-approved in writing by the Consultant before equipment is ordered, resources are hired, contracted and/or retained to complete the defined scope of work. To determine eligibility relative to this requirement, the system time-stamp and date from the application portal of the application’s pre-approval will serve as the effective date.

<sup>1</sup> A Large Final Emitter (LFE) means facilities that are subject to the Carbon Competitiveness Incentive Regulation (formerly the Specified Gas Emitters Regulation). This applies to facilities that have emitted more than 100,000 tonnes of carbon dioxide equivalent (CO<sub>2</sub>e) in 2003 or any subsequent year.

- j) Upon completion of the MER BOA and LDAR Studies and/or DTC Applications (DTC Studies and DTC Projects), the Applicant must submit required documents via the application portal. For BOA and LDAR Studies and DTC Studies (as a component of DTC Applications), savings and incentives will be verified using defined, pre and post documentation, verified by the Facility Owner. For DTC Projects incentives (as a component of DTC Applications), proof of purchase includes invoice(s) indicating the size, type, manufacturer, model or part number, serial number, purchase date, and vendor of the proposed Installed Incentivized Repairs, Equipment and Products that is the subject of the DTC Projects application. EEA reserves the right to verify proof of payment by requesting additional information and taking any steps it considers necessary to do so.
- k) Where required by EEA to support the review of a MER Initiative application, the Facility Owner will provide EEA with reasonable access to the facility to inspect the proposed Installed Incentivized Repairs, Equipment and Products. EEA reserves the right to withhold, revise or reclaim any incentive until it has performed a satisfactory post-installation verification, inspected repairs and/or installed measures, and verified the methane emission reductions achieved. The Facility Owner agrees to remedy any issue arising from auditing and monitoring results at no additional cost to EEA and within the timeframe provided by EEA and/or its Consultant. Incentives may be withheld if the Facility Owner does not agree to participate in any required report revision or verification within the timeframe provided by EEA. The Facility Owner will repay to EEA on EEA's request any incentive that was paid prior to an unsatisfactory post-installation verification.
- l) If the project is found by EEA to not match the documentation provided during application for pre-approval, during an on-site visit or otherwise, the Applicant agrees to immediately return any incentive payments received by it with respect to that project to EEA.
- m) All measures will be installed in accordance with all applicable federal, provincial and local laws along with manufacturer's specifications.
- n) MER Initiative incentives provided by EEA pursuant to these Terms and Conditions are subject to change by EEA at any time without notice to the Applicant.
- o) The BOA and LDAR Studies involve an in-depth detailed survey/analysis of fugitive emissions, leak detection and repair, detailed facility inventory count, emissions quantification and natural gas use at facilities with the purpose of identifying quick and easy verifiable emission reductions, as well as capital opportunities for further financial and engineering analysis. The Applicant will complete LDAR with Facility Owner sign off (e.g. work orders) for reported and on the spot repaired leaks. The Applicant will provide Work Orders initiated and signed by Facility Owner for leaks where repairs occur at later date either with final BOA & LDAR report or separately (within 15 days upon final report submission). Actual leak repairs must be implemented by the Facility Owner within 30 days of Work Order initiation. The Applicant will provide recommendation(s) on next steps for repairs that are unable be completed on the spot and completed at later date as part of BOA & LDAR Data Capture Template (<https://www.encyalberta.ca/app/uploads/Appendix-A-BOA-LDAR-Data-Capture-Template-05-Dec-18-3.xlsm> ). The BOA and LDAR Studies Report

(<https://www.encyalberta.ca/app/uploads/Appendix-B-BOA-LDAR-study-report-template-30-Oct-18.docx> ) will provide the Facility Owner with an overall emissions summary per facility and their associated sources, potentially leading to MER DTC Applications. All BOA and LDAR Studies final reports must be submitted, including documentation of all LDAR implementation along with submission of BOA & LDAR Data capture template and summary report within 30 days of BOA and LDAR Studies pre-approval.

- p) All MER DTC Applications must be completed within 90 days of application pre-approval. If the Facility Owner decides not to go forward with DTC Applications project implementation or project completion will exceed 90 days, EEA reserves the right to request immediate repayment of all upfront, capital incentives from the Facility Owner.
- q) The payment of a MER Initiative incentive by EEA is dependent upon availability of funds and the distribution of incentives across Alberta. EEA reserves the right to deny any application made pursuant to these Terms and Conditions for any reason including that it may result in EEA exceeding its program budget.
- r) EEA may at its sole discretion, approve or reject any application for BOA and LDAR Studies or DTC Applications incentive at any time.
- s) Submitting an application form with incomplete or missing information will delay processing of payment.
- t) MER Initiative incentive rates and limitations are set out on the MER Initiative page of <https://www.encyalberta.ca/customersolutions/methane/> and in associated offer letter(s). Applicants and/or contractors are responsible for all costs associated with sales tax and disposal/recycling. For greater certainty, the Applicant is responsible for any tax liability or other fees arising from its receipt of an incentive payment from EEA.
- u) EEA AND ITS CONSULTANTS DO NOT ENDORSE, GUARANTEE, OR WARRANT ANY PARTICULAR MANUFACTURER OR PRODUCT, AND EEA AND ITS CONSULTANTS EXPRESSLY DISCLAIM ALL WARRANTIES, EXPRESSED OR IMPLIED, FOR ANY REPAIRS, PRODUCTS OR SERVICES WHETHER DEEMED BY EEA OR ITS CONSULTANTS TO BE "ELIGIBLE" OR NOT. EEA AND ITS CONSULTANTS DO NOT EXPRESSLY OR IMPLICITLY WARRANT THE PERFORMANCE OF REPAIRS, INSTALLED EQUIPMENT OR ANY SERVICE PROVIDER OR INSTALLATION CONTRACTOR'S QUALITY OF WORK. EEA AND ITS CONSULTANTS DO NOT MAKE ANY REPRESENTATIONS OF ANY KIND REGARDING THE RESULTS TO BE ACHIEVED BY THE METHANE EMISSION REDUCTION MEASURES OR THE ADEQUACY OR SAFETY OF SUCH MEASURES, INCLUDING, BUT NOT LIMITED TO, WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.
- v) EEA's and its Consultants' sole liability hereunder is limited to paying the properly qualified incentives specified herein. Neither EEA, its Consultants, nor their directors, officers, consultants, agents, servants or their respective successors and assigns will have any liability whatsoever or howsoever to the Applicant, or any of its employees, representatives, directors, or officers, or any of them, in connection with these Terms and

Conditions, the MER Initiative or any application submitted to EEA under these Terms and Conditions.

- w) No Claims. The Applicant will not make a claim against EEA, its Consultants, or either of their directors, officers, consultants, agents, servants or their respective successors and assigns for any reason whatsoever or howsoever relating to these Terms and Conditions.
- x) Disclaimer. EEA and its Consultants take no responsibility for the accuracy of the information supplied during the application process by EEA, its Consultants, or either of their directors, officers, consultants, project advisors, agents, servants or their respective successors and assigns.
- y) Environmental attributes are defined as potential benefits arising from the reduction in methane emissions and GHG reduction projects, as well as carbon offset credits created due to reduced methane emissions or reduced emissions of greenhouse gases. For the purposes of MER, the environmental attributes are quantified as tonnes of Carbon Dioxide equivalent (CO<sub>2</sub>e). As a condition of the payment of any incentive by EEA under these Terms and Conditions, the Applicant agrees to convey ownership to EEA, or its successors, all environmental attributes and environmental products that are created or otherwise arise from DTC Projects (as a component of DTC Applications) that is the subject of the application in any jurisdiction, including but not limited to carbon offset credits. EEA retains the right to adjust Initiative guidelines in accordance to amendments to the Government of Alberta's legislation, policies, or protocols surrounding greenhouse gas emissions, carbon accounting or the carbon offset system. The Applicant further attests that said attributes have not been claimed, sold or otherwise transferred to another party.
- z) By providing incentive funding for the BOA and LDAR Studies, EEA retains the rights to all data collected from a Facility Owner's facility including but not limited to equipment surveys. EEA will maintain the data confidentially with regards to individual facility owner results but reserves the right to use and/or retain a third-party provider to use the data in an aggregated format. Data collected by PAs as part of BOA and LDAR Studies may not be aggregated into any type of comprehensive database by one or more PAs or third-party selected by one or more PAs without the written consent and permission of EEA.
- aa) From the date of pre-approval of the application until five (5) years after the last incentive payment date, the Applicant shall not sell, lease, or otherwise dispose of, directly or indirectly, any Installed Incentivized Equipment and Products to any entity, without the prior written approval of EEA, which may be reasonably withheld. The Applicant may be required to reimburse the Federal government via EEA, any funds received from EEA, if at any time within five years from the last incentive payment date, the Applicant sells, leases, or otherwise disposes of, directly or indirectly, any Installed Incentivized Equipment and Products, purchased, acquired, constructed, rehabilitated, or renovated in whole or in part, as a result of or in connection with the MER, other than to the Federal government, the Government of Alberta, a local government, or with the Federal government's written consent.
- bb) Applicants or facilities/companies where projects are completed may not use the EEA or MER name or logo in any marketing, advertising, or promotional materials without EEA's prior written consent.



- cc) EEA reserves the right to publicize the Applicant's participation in the MER Initiative, with prior written consent from the Applicant.
- dd) Failure of the Applicant to comply with any aspect of these Terms and Conditions may result in the Applicant being barred from future participation in any and all EEA programs for any period of time.
- ee) Miscellaneous. These terms and conditions shall be governed by and construed under the laws of the Province of Alberta, without regard to conflict of law rules. Any dispute or claim that relates to the MER Initiative or these terms and conditions, their interpretation or breach, or to the existence, scope, or validity of these terms and conditions or this arbitration provision, will be referred to and finally determined by arbitration in accordance with the JAMS International Arbitration Rules and judgment upon the award rendered pursuant to such arbitration may be entered in any court with jurisdiction. The parties acknowledge that mediation helps parties settle their disputes and any party may propose mediation whenever appropriate through JAMS International or any mediator selected by the parties. If any provision of these terms and conditions is invalid or unenforceable in any jurisdiction, the other provisions shall remain in full force and effect in such jurisdiction and shall be liberally construed in order to effectuate the purpose and intent of these terms and conditions. The invalidity or unenforceability of any provision of these terms and conditions in any jurisdiction shall not affect the validity or enforceability of any such provision in any other jurisdiction. The failure of any party to enforce strict performance by the other of any provision of these terms and conditions, or to exercise any right available to a party, shall not be construed as a waiver of such party's right to enforce strict performance in the same or any other instance.