

Energy Innovators Initiative
Buildings Program
Office of Energy Efficiency
Natural Resource Canada

Energy Retrofit Assistance
For Project Implementation in Existing Buildings

Client Guide

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Leading Canadians to Energy Efficiency at Home, at Work and on the Road

The Office of Energy Efficiency of Natural Resources Canada strengthens and expands Canada's
commitment
to energy efficiency in order to help address the challenges of climate change.

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Introduction

0.1 Climate Change and Canada

Across Canada, governments, business and industry, communities, schools and individual Canadians are taking action to reduce greenhouse gas (GHG) emissions that contribute to climate change. Most GHG emissions result from burning fossil fuels to produce energy.

On December 17, 2002, with the ratification of the Kyoto Protocol, the Government of Canada agreed to lower its GHG emissions to 6 percent below 1990 levels during the first commitment period by 2012. Canada's strategy for achieving this goal was formalized in the Climate Change Plan for Canada, which was released on November 21, 2002. In 2003, the federal government approved cost-effective measures in support of the Climate Change Plan. These measures build on the initiatives announced in the Government of Canada Action Plan 2000 on Climate Change (Action Plan 2000), announced in 2001.

For more information on climate change and Canada's actions, visit the Government of Canada Climate Change Web site at www.climatechange.gc.ca.

The Government of Canada has made a significant financial and human resource investment in the issue of climate change. Since 1997, \$1.7 billion has been dedicated to addressing climate change.

0.2 Climate Change and Natural Resources Canada

Natural Resources Canada established the Office of Energy Efficiency (OEE) to renew, strengthen and expand Canada's commitment to energy efficiency and to reduce GHG emissions that contribute to climate change. The OEE's Energy Innovators Initiative (EII) administers activities outlined in both the Climate Change Plan for Canada and Action Plan 2000 that relate to retrofits of existing commercial and institutional buildings.

The Pilot Retrofit Incentive, the EII's original incentive introduced in 1998, offered incentives to organizations with at least four similar buildings to implement an energy retrofit pilot project and replicate it in at least 25 percent of remaining similar facilities. Under Action Plan 2000, the EII provides additional funding options.

Energy Retrofit Assistance for projects in organizations with three or fewer buildings **ERA (3)**, introduced in 2001, offered financial assistance to organizations that were ineligible under the original incentive for four or more buildings. Effective 2004, ERA(4) is no longer offered. All implementation projects now fall under Energy Retrofit Assistance for Project Implementation in Existing Buildings [ERA(3)]. If your organization meets **ERA (3)** requirements, the EII can contribute \$7.50 per gigajoule (1 GJ = 277.8 equivalent kilowatt hours, or ekWh) saved in an energy retrofit project – up to \$250,000 or 25 percent of eligible project costs.¹

This guide details eligibility requirements and explains the steps required to prepare and submit your project proposal. It includes appendices outlining required documentation. These templates are also available in electronic formats.

Assistance is available at all stages of the process. **Energy Retrofit Assistance** represents a consultative process between your organization and your EII Officer. Your proposal should be developed based on this guide along with discussions and advice provided by the EII. Limited funds are available;

¹ The total of \$250,000 per project includes financial assistance received under Energy Retrofit Assistance for Planning [ERA(P)]. An organization receiving an incentive for planning activities will have the ERA(P) amount subtracted from the total for any subsequent implementation [ERA(3)] project.

priority and greatest contributions will go to projects that demonstrate the largest reductions in energy consumption.

Section 1 ERA (3) Eligibility

All eligibility requirements must be satisfied before you can submit your **ERA (3)** proposal. A detailed explanation of these requirements follows in Sections 1.1 through 1.5. If you are not sure that you meet the requirements after reading these sections or if you require clarification, contact your EII Officer.

1.1 Pre-Qualifying Criteria

To be eligible to submit a proposal under **ERA (3)**, you must:

- be an Energy Innovator (see Section 3.1);
- own, manage or occupy buildings in Canada which have been occupied for five years or more;
- operate in commercial and institutional facilities such as retail stores, shopping centres, hotels, restaurants, office buildings, multi-unit residential buildings², warehouses, school boards, colleges, universities, health care facilities, non-profit organizations, provincial/territorial governments or municipalities³ (eligibility for the industrial sector is limited to office, warehouse and/or retail space); and
- prepare a comprehensive corporate energy management plan (see Section 3.2).

1.2 Building Requirements

For the purposes of this guide, a *building* or a *facility* is defined as a structure that is totally enclosed by walls extending from the foundation to the roof and intended for occupancy. The building can be self-standing or connected to another structure. If the structure is connected to another building, to be considered as a separate building the structure must:

- be clearly distinguishable as an independent unit; or
- be metered separately and separated by a wall.

For the purposes of this guide, an eligible existing building is one that has proven occupancy of five years or more. Proof of occupancy may be required.

If you are not sure if your building or facility qualifies, provide your EII Officer with floor/building plans to determine whether your facility meets the requirements.

1.3 Project Criteria

Your project must be:

- 1) conducted in buildings *owned* or *managed* or *occupied* by the Energy Innovator organization submitting the proposal (if managed or leased, the management agreement lease must be for a period of time long enough to allow for completion of the project and the realization of consumption and cost savings);
- 2) conducted in buildings aged five or more years (date of occupancy certificate may be required)

² For the purposes of this incentive, a multi-unit residential building is defined as a building with a common entrance that is at least four stories high or occupies a footprint greater than 600 m².

³ Municipal and other forms of regional governments may also be eligible for funding from the Federation of Canadian Municipalities (FCM) Green Municipal Funds at www.fcm.ca.

- 3) implemented in buildings and facilities where the total floor space is individually metered for energy usage or whereby the energy consumption can be determined;
- 4) a new energy efficiency project (projects already underway are not eligible). A new project is one for which no contract for work – with a consultant, contractor, energy services company (ESCO) or other – has been signed prior to approval by Natural Resources Canada.
- 5) Applications for ERA (3) funding must be submitted by January 31, 2006 and final documents submitted by February 28, 2007. and
- 6) all measures that form part of the **ERA (3)** proposal must have a combined payback period of greater than one year.

1.4 Other Requirements

A) Disclosure of Sources of Funding

ERA (3) requires recipients to disclose all sources and amounts of funding, grants and contributions received related to the project both prior to entering into a Contribution Agreement with Natural Resources Canada and upon completion of the project. Calculation of the approved amount of the incentive may take into account other direct government (federal, provincial, territorial and municipal) funding.

This disclosure must be included in your **ERA (3)** proposal (see **Appendix D**) and, upon project completion, included on Data Reporting Form 2 (see **Appendix F**).

Electronic versions of the appendices are available at oee.nrcan.gc.ca/commercial/password (password = action) or from your EII Officer.

If you receive funding for energy efficiency measures under Natural Resources Canada's **Renewable Energy Deployment Incentive (REDI)**, these costs and savings are ineligible for **ERA (3)**. In addition, buildings that are part of your project will not be eligible if they have been approved for funding under Natural Resources Canada's **Commercial Building Incentive Program (CBIP)**.

ERA (3) projects may also be eligible for additional or "top-up" funding from other sources including utilities and other incentives from NRCan listed at oee.nrcan.gc.ca/commercial/financial-assistance/existing/retrofits/complementary.cfm

For example, clients in Quebec can make a single application for ERA (3) and for a supplementary financial incentive from Hydro-Québec using options described at oee.nrcan.gc.ca/commercial/financial-assistance/existing/retrofits/quebec.cfm

Another incentive from NRCan, the Renewable Energy Deployment Initiative (REDI) at www.nrcan.gc.ca/redi offers funding for solar air and water heating systems, as well as for biomass systems in industrial and other facilities that can sometimes be combined with ERA.

B) Reporting Requirements

Incentive recipients will be required to provide reports on utility usage data (energy consumption, costs and savings) and information on the projects as requested by your EII Officer (see Section 4). The type of monitoring and tracking (M&T) system used to verify the savings must also be identified. The M&T system used by your organization could be as simple as a standard spreadsheet or as complex as specialized M&T software.

If you are planning a news release or event about your building, please contact the EII well in advance so we can arrange participation from the Government of Canada at:
Toll-free: 1-877-360-5500 or www.oee.nrcan.gc.ca/commercial/contact-us.cfm

C) Certification

A Professional Engineer (P.Eng.) and your financial signing authority must certify that:

- the proposed project measures are valid;
- the proposed measures will result in the projected energy savings within a variance of less than 15 percent;
- the project will be completed within one (1) year of the execution of the Contribution Agreement; and
- the costs associated with implementing the project are accurate.

You can find lists of Professional Engineers and other service providers at the *Energy Management Services Directory* at oee.nrcan.gc.ca/providers and the *Federal Buildings Initiative (FBI) Qualified Bidders List* at oee.nrcan.gc.ca/fbi/bidders.cfm, however, not all service providers in the directory have a P.Eng. on staff.

D) Environmental Assessment

Before final approval of your **ERA (3)** proposal, an environmental assessment (pursuant to the *Canadian Environmental Assessment Act*) may be required. To determine whether such an assessment is necessary, you will be required to complete a checklist as part of your proposal (see Section 3.5). Your EII Officer will review the checklist and inform you if any further action is required.

E) Audits

A representative from Natural Resources Canada may audit the project one (1) year after the approved project is completed and prior to release of the final payment. The audit will determine if:

- the project was implemented according to the Contribution Agreement;
- the expected energy savings resulting from the project have been achieved; and
- the costs indicated in the **ERA (3)** proposal and Contribution Agreement were incurred.

Specifically, you are required to:

- keep proper accounts and records of revenues and expenditures applicable to the Contribution Agreement, including all invoices, receipts and vouchers, for a period of three (3) years following the completion of the project;
- provide annual energy use and cost savings data for the project; and
- grant a representative of the Crown access to your facilities at a mutually agreed time for auditing, monitoring and/or verification purposes.

1.5 Ineligibility Factors

Your organization is not eligible for consideration under **ERA (3)** if you fall into one of the following categories:

- energy services companies (ESCOs), energy management firms, engineering companies or other consulting firms;
- utilities;
- federal government entities; or
- manufacturing facilities and industrial processes.

If you receive funding for energy efficiency measures under Natural Resources Canada's **Renewable Energy Deployment Incentive (REDI)**, these costs and savings are ineligible for **ERA (3)**. In addition, buildings that are part of your project will not be eligible if they have been approved for funding under Natural Resources Canada's **Commercial Building Incentive Program (CBIP)**.

ERA (3) projects may also be eligible for additional or "top-up" funding from other sources including utilities and other incentives from NRCan listed at oee.nrcan.gc.ca/commercial/financial-assistance/existing/retrofits/complementary.cfm

For example, clients in Quebec can make a single application for ERA (3) and for a supplementary financial incentive from Hydro-Québec using options described at oee.nrcan.gc.ca/commercial/financial-assistance/existing/retrofits/quebec.cfm

Another incentive from NRCan, the Renewable Energy Deployment Initiative (REDI) at www.nrcan.gc.ca/redi offers funding for solar air and water heating systems, as well as for biomass systems in industrial and other facilities that can sometimes be combined with ERA.

Section 2 How ERA (3) Works

If your organization wants to be considered for funding under **ERA (3)**, it must meet all eligibility requirements as detailed in Section 1 of this guide. If after reading Section 1, you are not sure if your organization meets all these requirements, please contact the EII.

This section defines eligible measures and expenditures and explains how contribution levels are calculated.

2.1 Eligible Measures and Expenditures

Eligible expenses include most costs associated with developing and implementing a comprehensive energy-efficient project. All costs must be verifiable. You may be required to provide documentation in the form of receipts and/or invoices.

Eligible projects and expenditures include, but are not restricted to, the following:

1. Costs related to project development and management, such as:
 - energy efficiency analyses (audits and feasibility studies);
 - project management and administration;
 - baseline development;
 - proposal development;
 - labour costs related to development of the project proposal; and
 - commissioning.
2. Capital costs, including materials and labour, related to the measures implemented, such as (but not limited to):
 - lighting system retrofits, including compact fluorescent lighting, electronic and/or electromagnetic ballasts, reflector systems, efficient lamps (e.g., T-8 fluorescents), light-emitting diodes (LED) and high-intensity discharge (HID) lighting;
 - building envelope upgrades (with direct energy savings) including insulation, weatherproofing, glazing and glazing control;
 - energy management controls, including direct digital controls (DDC), occupancy/motion sensors, thermostats, photocells, direct load controls and energy management systems (EMS);
 - water heating retrofits, including high-efficiency water heating, heat pumps, solar-assisted technology, heat traps and repairs;
 - new motors, including high-efficiency motors and variable speed drives (VSD); and
 - heating, ventilating and air-conditioning (HVAC) systems, including high-efficiency chillers and boilers, economizers, control systems, variable air-volume (VAV) systems, load control, heat pumps, space heaters, air conditioners, dehumidifiers, systems for thermal storage and heat recovery systems.
3. Monitoring and tracking systems, including:
 - utility analysis;
 - software; and
 - sub-meters.

4. Training on HVAC systems, electricity, energy management and control systems that:
- is offered through Seneca College's Building Environmental Systems program or Natural Resources Canada-approved equivalent;
 - leads to accreditation or certification; and
 - results in a cost to the organization.

The Building Environmental Systems (BES) program is a multi-skill training program to increase knowledge of heating, refrigeration, air-handling, electricity, controls, energy management, water treatment and supervisory skills in a building system. Developed by Seneca College, BES is offered through distance education and at various colleges across Canada. For more information, contact:

Energy Training Office
Seneca College
1750 Finch Avenue East
Toronto ON M2J 2X5
Tel.: (416) 494-3331 or 1 800 572-0712 (toll-free)
E-mail: Mary.Dawson@senecac.on.ca
Web site: www.senecac.on.ca/bes/

5. Developing and implementing an employee communications and awareness program. The program should involve building occupants and provide them with information on the measures being implemented, expected results and how they can become more energy efficient at home, at work, and on the road.

Employees and other building occupants are key to the successful adoption of any new undertaking – especially when it comes to implementing an energy efficiency project. Since many still believe that a more efficient facility is less comfortable for its occupants, early awareness, education and buy-in are essential. Building occupants should be provided with timely and accurate information on upcoming and ongoing changes in their workplace. Increased understanding and awareness will not only motivate occupants to become more energy conscious at work, but may also convince them to follow the principles of energy efficiency in their daily lives – which is good for the environment and helps Canada meet its GHG reduction targets.

For more information on how to implement an effective employee awareness program in your organization, consult Natural Resources Canada's *Saving Money Through Energy Efficiency: A Guide To Implementing an Energy Efficiency Awareness Program* at oee.nrcan.gc.ca/Publications/infosource/Pub/commercial/existing/m27-01-2159e.cfm or contact your EII Officer.

An effective employee communications and awareness program should incorporate a communications plan, which should:

- evaluate the current level of employee awareness;
- build on existing lines of communication;
- identify target audiences;
- establish measurable and achievable goals and objectives; and
- define challenges and important messages.

The program should also include a broad range of communications tools, including:

- formal internal and external announcements;
- forums to discuss the proposed measures both before and during project implementation;
- newsletters, display booths, memos, e-mail, Web site updates and posters throughout the campaign;
- special events such as awards ceremonies to recognize successes; and
- progress reports.

2.2 Project Administration

There are no restrictions on who can perform the work or how the project is financed. Eligible projects include those implemented by your organization's staff, by a conventional construction contract or through energy performance contracting. Projects financed with your organization's capital, through direct borrowing or by a third party, are eligible.

2.3 Ineligible Expenditures

Some costs are not eligible for funding under **ERA (3)**. These costs include, but are not limited to, the following:

- financing;
- performance guarantees;
- non-energy-related retrofit work; and
- costs associated with the removal and/or storage of contaminated materials (PCBs, asbestos, etc.).

Taxes such as Provincial Sales Tax (PST), Goods and Services Tax (GST) and Harmonized Sales Tax (HST) are not eligible for funding.

You may be required to provide proof of all proposed costs and expenditures identified in your proposal and Contribution Agreement. Therefore, you should keep copies of invoices and receipts.

Please contact the EII if you are not sure if costs related to your project are eligible for funding.

2.4 Determination of Natural Resources Canada's Contribution

The amount of the incentive is calculated using the following formula:

$$\text{\$7.50 per GJ} \times \text{Energy Saved (GJ) in Project} = \text{\$ Incentive}$$

A gigajoule represents 277.8 equivalent kilowatt hours. The EII Gigajoule Calculator at oee.nrcan.gc.ca/commercial/technical-info/tools/gigajoule.cfm converts various sources of energy to gigajoules. **Appendix J** also contains a conversion chart.

Simply put, for every gigajoule of energy saved in the retrofit project, the EII will contribute \$7.50 – up to \$250,000⁴ or 25 percent of eligible project costs⁵.

For example, if:

- the estimated savings of your project is 25 000 GJ
- the overall energy savings are 20 percent
- the total eligible cost of your project is \$1.2 million

Then, the incentive based on the formula is:

$$\text{\$7.50 per GJ} \times \text{25 000 GJ} = \text{\$187,500}$$

which is less than \$250,000 and less than 25 percent of eligible project costs.

Therefore, your **ERA (3)** incentive would be \$187,500.

2) Bonus Incentive for Large Projects

If your retrofit project is expected to save over 150 000 GJ, a bonus incentive may be awarded. Your organization may be eligible to receive an additional \$1/GJ for any energy savings above the \$250,000 maximum.

To maximize your funding, the EII suggests implementing multiple measures – **the bigger the energy savings, the bigger the funding.**

Although the EII has eliminated minimum requirements, professional and administrative fees could exceed funding for smaller projects.

⁴ The total of \$250,000 per project includes financial assistance received under Energy Retrofit Assistance for Planning [ERA(P)]. Organizations receiving funding under ERA(P) will remain eligible for ERA(3), but the amount of money received under ERA(P) will be subtracted from the ERA(3) total assistance.

⁵ The funding formula and the maximum contribution available may be increased in certain situations. Factors to be considered could include the complexity of the project, the amount of energy saved and projects from Aboriginal, Northern, rural and remote communities – particularly areas that are more than 200 kilometres from urban centres where energy professionals and other resources may be difficult to find. These special projects are considered on a case-by-case basis. Contact the EII at oee.nrcan.gc.ca/commercial/contact-us.cfm or talk to your EII Officer first.

Section 3 Step-By-Step Process for Project Consideration

Section 1 of this guide outlines eligibility requirements, and Section 2 describes how the incentive works. The following section provides all the information necessary to prepare your **ERA (3)** proposal, including how to become an Energy Innovator. It also provides details on how to design a comprehensive, customized energy management plan and how to prepare and submit your **ERA (3)** proposal. This information should make the process as easy as possible for you. Remember, an EII Officer is available at every stage of the process to help you on your organization's path toward energy and cost savings.

3.1 Step 1: Join the Energy Innovators Initiative

If you haven't already joined the EII, now is the time. Not only will this move you one step closer to receiving **ERA (3)** funding, the EII can help your organization save money and contribute to the health of the environment. As an Energy Innovator, you can access a variety of tools and services, including:

- financial incentives;
- assistance in implementing and monitoring savings;
- advice on alternative financing options for retrofit projects;
- sector-specific workshops and seminars;
- information and training on developments in energy-efficient technologies;
- newsletters, success stories and other publications; and
- opportunities to promote your organization's achievements.

Becoming an Energy Innovator is a long-term commitment. Even if you don't obtain funding, your organization can still benefit by becoming a member. The process is easy – simply have your senior management submit a letter to the Minister of Natural Resources Canada (a sample letter is included in **Appendix A**) stating your organization's long-term commitment to energy efficiency.

3.2 Step 2: Prepare Your Energy Management Plan

A customized energy management plan is essential in helping your organization initiate, monitor and track energy savings. Your plan will help focus your organization on activities that will lead to real, measurable results. The plan will also put a framework in place to obtain commitment from staff, including key decision-makers. Formalizing your plan will make employees aware of your organization's activities and gain commitment from all levels, including senior management. The plan will demonstrate and make known your organization's commitment to controlling energy use, operating costs and GHG emissions. It will also provide a mechanism to keep to schedules and targets and, most importantly, achieve results.

If you have not already prepared your energy management plan, contact the EII. Your Officer will help you develop a comprehensive, long-term plan for your organization.

The Office of Energy Efficiency offers a series of energy management workshops. One of these workshops, "Dollars to \$ense: The Energy Master Plan", can help you prepare your organization's energy management plan. For more information, contact:

Tel.: 1 800 387-2000 (toll free)
Fax: (613) 947-4121

E-mail: innov.gen@nrcan.gc.ca
Web site: oee.nrcan.gc.ca/workshops

Keep in mind that your organization's energy management plan is a long-term planning document and represents your organization's *entire portfolio* – not just measures that you plan to include as part of your **ERA (3)** proposal.

In brief, your energy management plan should include the following:

- a commitment by senior management to endorse the plan and its implementation;
- quantifiable energy cost, consumption and GHG emissions reduction goals and targets;
- baseline energy consumption, cost data and, if available, baseline GHG emissions;
- a description of the energy efficiency initiatives undertaken since the baseline year (if known), including the cost of the measures and the energy and cost savings;
- information on future energy efficiency projects, including projected costs and savings;
- an overview of employee awareness and training programs; and
- a description of the system in place for monitoring progress and documenting results, including methods for verifying and updating the plan and its targets.

An *Energy Management Plan Summary* can be found in **Appendix B** or oee.nrcan.gc.ca/commercial/technical-info/tools/emp-summary.cfm. This summary is an abridged version of the more detailed *Energy Management Action Plan Guidelines and Template* available electronically at oee.nrcan.gc.ca/commercial//password (password = action) or from your EII Officer. Organizations are encouraged to use the *Guidelines* and more detailed template when developing their energy efficiency plan.

3.3 Step 3: Submit a Letter of Intent

Once you have met all the pre-qualifying criteriaas specified in Section 1, you are ready to notify the OEE of your intent to submit an **ERA (3)** proposal (a sample Letter of Intent can be found in **Appendix C**).

The Letter of Intent must include the following:

- a statement of your intent to submit an **ERA (3)** proposal;
- the size of your project in terms of floor space;
- the annual energy costs associated with your project facilities;
- the estimated cost of your project;
- expected time line of the project; and
- the expected date of proposal submission.

This is an important step in accessing **ERA (3)** funding. Notifying the OEE of your intent to participate will place your organization in a priority position to obtain funding. Resources are limited. So don't delay – start the process now.

3.4 Step 4: Prepare Your ERA (3) Proposal

After submitting your Letter of Intent, you are ready to prepare your **ERA (3)** proposal. Applications for ERA (3) funding must be submitted by January 31, 2006. All work must be completed and final documents submitted by February 28, 2007. To be eligible for funding, you must use the proposal template in **Appendix D**. Your EII Officer can assist you at all stages of this process. A brief description of the proposal follows.

Part 1: General Information

This section consists of basic data for your application, such as addresses, contact information, type of organization and initial details about the facility or facilities.

Part 2: Pre-Qualifying Information

This part of the proposal contains a checklist to ensure that you meet all the **ERA (3)** eligibility requirements as described in Section 1. This section also requires that you disclose all sources of contributions related to the project, particularly if any funding has been obtained from governments at any level – federal, provincial, territorial or municipal.

Part 3: Description of the Proposed Measures

A brief description of each of the proposed measures, including training and awareness programs, is required. The area affected by the retrofit, the estimated cost of the project and dollar and energy (GJ) savings broken down by measure are also required.

Part 4: Data Reporting (Data Reporting Form 1)

You must provide estimated utility data for the project, both prior to and after completing the retrofit. Necessary data include energy consumption by type, anticipated savings and project costs and a description of the baseline (pre-retrofit).

Part 5: Milestones and Cash Flow

The project milestones, including expected start and end dates, are required. You must also provide a projected cash flow for the first three (3) months of the project to initiate the first payment from Natural Resources Canada. If this information is not available at the time of the proposal, it may be submitted later, during execution of the Contribution Agreement.

Part 6: Environmental Assessment

An environmental assessment of your project may be required. This section will help your EII Officer determine whether further steps need to be taken.

Part 7: Certification Requirements

A Professional Engineer and an authorized financial signing authority must certify your project proposal. The Professional Engineer certifies the proposed measures, the expected savings, project costs and milestones. Professional designation must be included. The authorized financial signing authority (evidence of financial signing authority should be included) certifies the cost of the project components, milestones and that the proposal is valid.

If you are submitting a proposal for a project that will be undertaken in leased premises, include a validation of the lease term with your proposal. The building owner must complete the consent form in **Appendix E**. This form confirms the building owner's consent to allow the implementation of the project.

To ensure your proposal is reviewed as quickly as possible, please submit both an electronic and paper copy. An electronic version is available at oe.e.nrcan.gc.ca/commercial/ (password = action) or from your EII Officer.

3.5 Step 5 – Review and Approval Process

Your EII Officer will review your proposal for completeness and to determine if it meets all **ERA (3)** eligibility requirements. The Officer will contact you if additional information is required. Once the proposal is completed, the Officer will then start the Natural Resources Canada approval process. You will be informed whether your organization's **ERA (3)** proposal has been *tentatively* approved. Your organization may choose to initiate the project at this stage at its own discretion, however, Natural Resources Canada will financially commit to the project only when a Contribution Agreement between your organization and Natural Resources Canada is approved and executed. Your EII Officer will prepare a Contribution Agreement after the proposal has been approved. The Contribution Agreement will establish the legal framework to initiate payment and make all the project information described in your proposal legally binding. A Professional Engineer and an authorized financial signing authority must also sign the Contribution Agreement.

Once the Contribution Agreement has been approved, a news release may be issued by Natural Resources Canada to announce the funding. In addition, your local Member of Parliament (MP) may be informed. Your MP may choose to make a public announcement about the funding. Your EII Officer will keep you informed and provide you with an opportunity to provide input on any materials being published.

The length of the EII's internal approval process varies depending on how complete the proposal is upon submission.

From the date a final project proposal is received by the EII, the review and approval process takes up to 3 months, as per the following:

- 1 to 2 weeks for EII Officer review
- 2 months for technical review
- 2 weeks for final review and recommendation for approval
- 1 month for preparation and authorization of the contribution agreement.

If during the review and approval process, additional information or clarification is required, timelines may be longer.

ERA (3) Review

Before submitting your proposal, contact your EII Officer. The Officer can put you on the right track and provide you with assistance early in the process.

Please ensure you have reviewed the following checklist before finalizing your proposal:

- ✓ Does your organization meet all **ERA (3)** eligibility requirements as outlined in Section 1?
 - ✓ Are you registered as an Energy Innovator?
 - ✓ Have you submitted an energy management plan?
- ✓ Have you completed the **ERA (3)** proposal, including:
 - ✓ a description of your organization?
 - ✓ a description of the proposed measures in the project?
 - ✓ estimated utility data, pre- and post-retrofit?
 - ✓ estimated project costs?
 - ✓ an outline of project milestones and cash flow?
 - ✓ the environmental assessment checklist?
 - ✓ certification by a professional engineer, finance officer and signing authority?
- ✓ If you do not own the building(s) in which you propose the implementation of the project, has the building owner provided consent to allow the project to be implemented?

Section 4 Payment Procedures

Natural Resources Canada contributes up to 25 percent of eligible project costs, up to a maximum of \$250,000. Once your proposal has been approved, your EII Officer will develop a Contribution Agreement. This agreement between your organization and Natural Resources Canada will establish the legal structure to pay out the incentive amount. Funding will be disbursed over the course of two (2) payments according to the schedule outlined below. Alternative payment structures may be considered in certain circumstances. For further information on alternative payment structures, talk to your EII Officer.

4.1 First Payment

Natural Resources Canada will issue the first payment, amounting to 50 percent of the total approved incentive, after:

- the Contribution Agreement has been approved and executed by both parties; and
- the organization has incurred costs equal to or greater than the amount of the first payment within three (3) months of the execution of the Contribution Agreement (as identified in the cash flow statement of **ERA (3)** proposal).

4.2 Final Payment

Natural Resources Canada will issue the remaining amount of the contribution only when the following conditions have been met.

Stage One: At completion of Project

- Data Reporting Form 2 (see **Appendix F**) has been completed to the satisfaction of your EII Officer.
 - Data entered in the first column of Data Reporting Form 2 should be identical to the information presented in the original contribution agreement.
 - Data entered in the second column should be actual project results and should differ from the first column only if the scope of the project has changed (i.e. the number of buildings involved in the project has changed or a measure could not be implemented).
 - If the information in column 2 differs from the original projected amounts (i.e. column 1), an explanation is required and the amount of Natural Resources Canada's contribution may be adjusted.
 - Information included in Data Reporting Form 2 must be certified by a Professional Engineer **and** an authorized financial signing authority;
- All documentation to support actual cost, i.e., copies of receipts, invoices, or other proof of expenses have been submitted to Natural Resources Canada;

AND

Stage Two: One year after completion of project

- Data Reporting Form 3 (see **Appendix G**) has been completed to the satisfaction of your EII Officer.
 - If the information differs from the original projected amounts, as described in Data Reporting Forms 1 and 2, the amount of Natural Resources Canada's contribution may be adjusted.
 - A Professional Engineer and an authorized financial signing authority must certify information included in Data Reporting Form 3.

- If the energy and cost savings of the project are not within 85 percent of original estimates, further investigation may be undertaken, which may affect the Contribution Agreement and the amount of the incentive;
- you have submitted an invoice for the remaining amount to Natural Resources Canada.
- a final report describing the implementation and results of the project has been submitted. If no other report exists, **Appendix H**, which includes minimum reporting requirements, can be used.

The final report must:

- verify that the project was implemented as described in **ERA (3)** proposal and Contribution Agreement; and
- explain variances between the original proposal and the actual project.

As mentioned in Section 1.4, a technical and financial audit of your project may be conducted to verify results prior to releasing the final payment.

If you require assistance preparing an invoice, see the sample in **Appendix I**. The invoice must be printed on your organization's letterhead and you must clearly indicate the name and address of your organization. The invoice should identify that it is for the EII **ERA (3)** incentive and indicate if it is for the first or final payment.

Section 5 Contact Information

For more information on the Energy Innovators Initiative and **Energy Retrofit Assistance**, contact the following:

Energy Innovators Initiative

Office of Energy Efficiency
Natural Resources Canada
615 Booth Street, 4th Floor
Ottawa ON K1A 0E9
Tel.: (877) 360-5500 (toll-free)
TTY: (613) 996-4397 (Teletype for the hearing-impaired)
Fax: (613) 947-4121
E-mail: info.services@nrcan.gc.ca
Web site: oee.nrcan.gc.ca/eii

If you have not already been speaking with an EII Officer, please fill in the “Contact the EII” form for your sector at oee.nrcan.gc.ca/commercial/contact-us.cfm for the fastest response.

Appendices

Appendix A	Sample Letter to Join the EII
Appendix B	Energy Management Plan Summary
Appendix C	Sample Letter of Intent to Submit a Project Proposal
Appendix D	ERA (3) Proposal Template
Appendix E	Building Owner's Consent Form
Appendix F	Data Reporting Form 2
Appendix G	Data Reporting Form 3
Appendix H	Final Report Template
Appendix I	Sample Invoice
Appendix J	Conversion Factors
Appendix K	Resources

Electronic versions of these Appendices are available at oee.nrcan.gc.ca/commercial/password(password = action) or from your EII Officer.