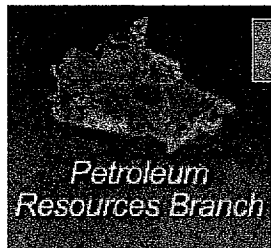


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## Carbon Dioxide (CO<sub>2</sub>) Capture and Storage Incentive

### Basic Eligibility Criteria

The CO<sub>2</sub> capture and storage incentive is a discretionary program. NRCan will make payments of an incentive only to eligible recipients who have signed contribution agreements with NRCan.

NRCan will consider signing contribution agreements with prospective recipients that meet the criteria outlined in the following:

### ELIGIBLE RECIPIENTS

- Any for-profit firm that will operate a project that injects CO<sub>2</sub>, from a Canadian industrial source, into a geological formation for storage and/or disposal in Canada and would demonstrate reasonable economic need for the project at a predetermined rate of return through submission of detailed project economics.
- The project applicant must be the project operator
- The cost of capture, transport and injection exceeds \$15 per tonne

### STACKING PROVISION

The program will require potential recipients to disclose all sources of funding required for a proposed project prior to entering into a contribution agreement and, upon completion of the project, of funds received and results achieved. Negotiation of contribution levels will take account of other direct government assistance (federal, provincial, territorial, regional and municipal) for the same purpose, and limit total direct government assistance to no more than 100% of the eligible expenditures described in these terms and conditions. In the event that total government assistance exceeds the stacking limit, it will be necessary for Natural Resources Canada to recover the excess from the recipient.

### ELIGIBLE EXPENDITURES

Eligible expenditures are defined as up to 50% of the cost of capital equipment and all other direct expenses required for capturing, compressing, transporting and injecting CO<sub>2</sub>. Overhead, GST, PST and HST are excluded.

Eligible costs for activities directly in support of the project or activity include:

- Salaries and benefits for staff for time spent on activities directly attributable to the agreed-upon project or activity;
- Fees for professional, scientific and contracting services;
- Printing, including paper and electronic (e.g. CD-ROM);

- Data collection, processing, analysis and management;
- Necessary licence fees and permits, if applicable;
- Testing of equipment or technologies developed under the project or activity; and
- Purchase / rental and installation of qualifying project-related equipment and products, including but not limited to:
  - Capture equipment such as compressors, dehydrators, steam generators, tanks and pumps;
  - Transport equipment/services such as pipelines and related equipment or CO2 delivery charges;
  - Injection/field equipment such as injectors and injection pads, tubing, metering equipment wellhead, packers, flare stacks/incinerators, steam generators, tanks, pumps and drivers, pipes, valves and fittings; and
  - **Production related equipment including production wells, production separation and measurement equipment.**

Detailed lists of eligible expenditures will be included in each contribution agreement as it is expected that the needs of each project may not be the same due to such factors as technical requirements, location and size. Acceptance of costs as eligible which are not listed above, will be at the sole discretion of NRCan.

#### **Maximum Amount Payable**

The maximum federal contribution to a single recipient is \$5,000,000 over the program period.

#### **Requirements**

The following reports will be required:

- Final technical and financial report;
- Semi-annual progress and financial report
- Access to company financial and progress data for purpose of audit and evaluation; and
- Quarterly statement of eligible costs incurred and cost forecast

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