

Agrifood Renewable Natural Gas for Transportation Eligible Expenses

1. General Eligible Expenses

Eligible Use of Funds:

Eligible expenses include costs and activities directly related to achieving the objectives for which the OCE funding was granted. All procurement activities must conform to [Broader Public Sector Accountability Act](#) (BPSAA).

Eligible Expenses:

Actual costs must be directly attributable to and necessary for the completion of the project and are not wholly or partially for another purpose. One-time costs, directly attributable to implementation of the project; actual cash outlays that must be documented through invoices, receipts, or records - and are subject to verification by an independent auditor. Evidence of payment must be maintained for audit purposes. Costs incurred outside Ontario are ineligible unless otherwise approved by OCE.

Retroactive Expenses:

OCE will acknowledge expenses after the approval date. In cases where an application is not approved and activated, expenses are incurred at the risk of the applicant. Eligible expenses will be reimbursed after completion of the Funding Agreement.

Institutional Overhead:

This is an ineligible expense unless otherwise stated.

Travel outside of the province of Ontario requires a request for pre-approval from OCE which will include justification.

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CAPITAL COSTS:	
Eligible Expenses	Ineligible Expenses
<p>Capital cost specifically required for the delivery of the eligible project, including data collection equipment, demonstration activities and events, publications, and reporting (approval of capital purchases are subject to OCE approval, OCE reserves the right to limit the capital purchase at their discretion)</p> <p><i>Note: Please see page 6 below for specific details regarding eligible and ineligible capital expenses under this program</i></p>	<p><i>Note: Please see page 6 below for specific details regarding eligible and ineligible capital expenses under this program</i></p>

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TRAVEL AND LIVING:	
Eligible Expenses	Ineligible Expenses
<ol style="list-style-type: none"> 1. Domestic travel costs to meet with potential partners or stakeholders required in the development of the Project and in connection with activities and services relating to the Project <p><i>Note: Please see page 6 below for specific details regarding eligible and ineligible travel and living expenses under this program</i></p>	<ol style="list-style-type: none"> 1. Food and accommodation expenses 2. Reimbursement for airfare purchased with personal frequent flyer points programs 3. Commuting costs between residence and place of employment <p><i>Note: Please see page 6 below for specific details regarding eligible and ineligible travel and living expenses under this program</i></p>

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SALARIES AND BENEFITS:	
Eligible Expenses	Ineligible Expenses
Salaries are not eligible under this program	Salaries are not eligible under this program

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OPERATING EXPENSES	
Eligible Expenses	Ineligible Expenses
<ol style="list-style-type: none"> 1. Professional fees including legal, audit, third-party performance validation, and insurance fees, directly related to and required for the management of the Project or to conduct the activities and services relating to the Project 2. Office supplies and services specific to the activities in a project's milestones table 3. Sub-contractor and consultant fees if approved by OCE Management prior to the start of the Project and if procured in accordance with the BPSAA Procurement Directive 4. Training/staff development 5. Shipping costs (including customs) for materials directly related to the project 6. Infrastructure costs associated with the demonstration required to implement the technology, (costs requires justification and approval from OCE) 7. Rent/lease costs paid on directly related project occupied space <p>Note: Please see page 6 below for specific details regarding eligible and ineligible operating expenses under this program</p>	<ol style="list-style-type: none"> 1. Costs not directly associated with the delivery of the project required to meet the deliverables of the program 2. Costs related to the development of the application for funding under this agreement 3. Annual membership fees to associations 4. Legal, accounting and consulting fees in connection with financial reorganization, security issues, capital stock issues, obtaining of patents and licenses and prosecution of claims against Ontario 5. Expenses of a personal nature 6. Costs related to staff awards and recognition 7. Monthly parking fees 8. Costs of moving 9. Interest charges 10. Losses on investments, bad debts and related collection expenses 11. Losses on other projects or contracts 12. Amortization of unrealized appreciation of assets 13. Meals, entertainment expenses, gifts, and alcoholic beverages 14. Expenses associated with lobbying or government relations activities 15. Tax expenses (including but not limited to sales taxes, tax filing, income taxes) 16. Any costs, including taxes, which are eligible to receive a rebate, credit or refund 17. Cost of basic utility services 18. Allowance for interest on invested capital, bonds, debentures, bank or other loans together with related bond discounts and finance charges <p>Note: Please see page 6 below for specific details regarding eligible and ineligible operating expenses under this program</p>

2. Detailed Eligible Expenses

Eligible Cash Costs for the Program Projects The following cash costs are Eligible Costs for the purpose of eligible Project Funds under the Program:	Ineligible Costs for the Program Projects The following are “ Ineligible Costs ” under the Program:
<ol style="list-style-type: none"> 1. Costs that are pre-approved in writing by OCE. 2. Design and Approvals Costs <ul style="list-style-type: none"> • Funding may be used to support the development of Projects, including expenses that contribute to planning, design, and approvals for the Project for: <ol style="list-style-type: none"> i. Production or utilization of RNG by a Project; ii. GHG reductions of a Project; iii. Demonstration activities of Project; • Design and Approvals funding may be used for costs, including: <ol style="list-style-type: none"> i. Planning; ii. Engineering design; iii. Environmental, municipal, technical, utility and other approvals; iv. Business plan: legal, accounting/financial; v. GHG modelling, assessment, reporting; and vi. Technology testing/performance assessment (e.g. first truck conversion or rental for fleet to demonstrate effectiveness). 	<ol style="list-style-type: none"> 1. The costs of undertaking activities or Projects that produce or source RNG from landfill gas, gasification, or other non-anaerobic digestion biogas. 2. The following ancillary equipment: <ol style="list-style-type: none"> (a) General utility buildings whose primary purpose (based on building footprint) is not directly supporting the Project; and (b) Vehicle parking, repair buildings, and storage buildings. 3. The cost to construct or deploy pre-existing equipment or activities, such as an anaerobic digestion facility, existing Biogas Upgrader, or project development activities will not be retroactively eligible to the Program. 4. Natural gas pipeline capital and installation costs on property not owned by a Project Participant. 5. Natural gas pipeline capital and installation costs that exceed 25% of Project Funds per Project. 6. Costs that have been or will be reimbursed in whole or in part under any other provincial government funding program or equivalent. 7. Costs that have been or will be reimbursed in whole or in part under any Ontario program. 8. Costs that have been or will be reimbursed in whole or in part under any federal program where sum the federal funds and the Agrifood Renewable Natural Gas for Transportation Demonstration Program exceed 75% of the total cost.

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3. Capital and Construction Costs

Funding may be used to support the capital costs, construction costs and other related costs to build and deploy one or more components of RNG Transportation Supply Chain. Eligible Costs are listed below.

- (a) The costs of construction and equipment purchases, including:
- i. Anaerobic digestion facilities, including anaerobic digestion vessels, mixers, feedstock equipment, gas management equipment, mechanical/ electrical/ gas/ water systems and equipment, heating and on-site energy production equipment, effluent management equipment, odor control;
 - ii. Gas transfer, treatment, upgrading and compression equipment;
 - iii. Natural gas transmission and storage equipment, compressed gas trailers, interconnection to utility network;
 - iv. Natural gas fuelling stations and equipment including metering, compression, storage, dispensers, payment systems, station infrastructure (paving, kiosk etc), gas piping, safety equipment (e.g. safety ventilation, sensors and alarms), interconnection to utility network;
 - v. Natural gas engines or natural gas engine conversions or the incremental cost to acquire a natural gas engine over the cost of a similar gasoline or diesel engine.

9. Project costs billed by or undertaken by the Applicant or a Project Participant.

10. Salaries and wages for employees of the Applicant or a Project Participant.

11. Food and accommodation expenses.

12. Any cost deemed to be ineligible by OCE.

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- (b) Costs for ancillary systems, equipment and infrastructure such as pavement, roadways, buildings, feedstock and effluent storage, when these cost are directly related to the RNG production or RNG fueling use under the following conditions:
 - i. Such ancillary systems shall not make up more than 25% of Project Funds per Project expenses; and
 - ii. Eligible expenses for ancillary systems shall only be reimbursed after the Selected Applicant has demonstrated, through submission of invoices, that they have incurred costs of an equal amount for GHG reducing systems, (meaning anaerobic digestion facilities, RNG upgraders, natural gas engines, and natural gas fuel station equipment).
- (c) Costs at an existing facility that expands biogas production capacity and installs RNG upgrading capacity:
 - i. The costs to retrofit and expand the existing facility are Eligible Costs, including the replacement and expansion of existing equipment needed to produce the increase in biogas output.
- (d) The costs of planning and design, including planning, engineering design, environmental, municipal, technical and other approvals.
- (e) The costs of business planning, including legal, accounting, training, and financial expenditures.
- (f) The costs of modelling, assessment, monitoring, data collection, accounting and reporting of operational data in order to report on Project outcomes, including GHG emissions.
- (g) The costs of technology testing, performance assessment, commissioning, and deployment.

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<p>4. The costs of demonstration activities that support knowledge transfer about the Project.</p> <p>5. Other costs that are direct, incremental and necessary for the successful completion of a Project, provided that those costs have been approved in writing by OCE.</p> <p>6. Note: The applicant will not, without OCE's prior written consent, sell, lease or otherwise dispose of any asset purchased or created by the applicant with the Project Funds, the cost of which exceeded \$10,000, for at least 2 years after project completion.</p>	
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Note: Costs at facilities whose RNG production is not fully consumed by Ontario-based RNG vehicle fuelling:

- i. Facility where a fraction of the biogas production supports a Project Activity, and the other fraction is sold to a different marketplace (e.g. RNG mandate for gas utilities; biogas or RNG for electrical production; or RNG contracts to other jurisdictions), or for which there is no current market:
 - a. Eligible costs will be split according to the portion of biogas dedicated to RNG vehicle fuel use in Ontario. For example, if half of the RNG fuel is used for Project Partner vehicle fuelling and half is sold to a natural gas utility RNG mandate, then half of the cost of Eligible Costs will be eligible for Project cost-share.
 - b. When no market has been identified for all or a fraction of RNG potentially produced, then the costs associated with that RNG production will be deemed ineligible for Program cost-share.
- ii. Other similar scenarios shall be evaluated using similar principles, at the discretion of OCE.