

# PRIMER ON CANADIAN FEDERAL AND PROVINCIAL CLEANTECH FUNDING PROGRAMS

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Across Canada, entrepreneurs are striving to develop technologies to reduce greenhouse gas emissions, improve environmental sustainability, and provide other climate-related solutions to the domestic and international markets. In this respect, government programs and policies have been recognized as key factors influencing the development of cleantech industry, alongside other issues such as talent pipeline, capital flows and infrastructure.

Our ESG Initiative has drafted this bulletin to outline several government funding sources available to entrepreneurs and companies operating in the clean technology sector in Canada, including provincial programs in British Columbia, Alberta, and Ontario. This article provides a high-level overview of these programs, their eligibility requirements, and the services they provide.

## Federal Initiatives

### 1. Clean Growth Hub

The Clean Growth Hub is a free service provided by the Government of Canada, which assists clean tech producers and adopters in finding funding sources for their projects. The Clean Growth Hub provides numerous resources to companies, including tools like a Technology Readiness Level assessment and data collection to improve policies and programs impacting clean tech creators. It also provides an updated list of current programs offering funding opportunities, creating a simple, easy-to-use platform.

Further details regarding the Clean Growth Hub and its services are available [here](#).

### 2. Sustainable Development Technology Canada Fund

Sustainable Development Technology Canada Fund (“**SDTC**”) is a foundation created and supported by the Government of Canada that funds cleantech projects. SDTC provides non-repayable funding to pre-commercial projects that have the potential to demonstrate significant and quantifiable benefits in climate change, clean air, clean water or clean soil. Since its launch in 2000, SDTC has provided \$1.28 billion in funding to 450 companies. The average contribution to eligible projects is \$3 million, with funds being disbursed in five

years or less and approximately 33% of eligible project costs being funded. SDTC accepts project proposals at all times.

In order to be eligible for a SDTC grant, an applicant must meet the following criteria: (i) be a Canadian company developing new and novel technologies with significant and quantifiable environmental benefits that will provide a significant retained benefit to Canada; (ii) have a defined project and are looking to demonstrate a pre-commercial technology; (iii) have a strong end-user, value proposition and are able to validate the market and commercialization potential of the technology; and (iiii) develop a consortium partners who are end users of the product, or who are otherwise able to validate the needs and market for the technology.

At least 50% of eligible project costs must be incurred in Canada, and the total level of funding from all levels of government cannot exceed 75% of eligible costs, with the rest being funded through private sector contributions.

Further details regarding SDTC and the funding programs are available [here](#).

### **3. Industrial Research Assistance Program**

National Resource Council of Canada's Industrial Research Assistance Program ("**IRAP**") provides financial assistance, advising services and connections to help small and medium sized businesses develop and commercialize technologies. IRAP's financial assistance helps applicant's share the cost of their research and development activities, with funding of up to \$10 million available for larger research and development projects. It also provides funding to help eligible businesses offset the costs of hiring young talent and new graduates.

To apply for assistance through IRAP, an applicant must meet the following criteria: (i) be an incorporated, profit-oriented small or medium-sized business in Canada; (ii) have 500 or fewer full-time equivalent employees; and (iii) have plans to pursue growth and profit by developing and commercializing innovative, technology-driven new or improved products, services or processes in Canada.

Further details regarding IRAP and its eligibility requirements are available [here](#).

### **4. SIF Net Zero Accelerator Fund**

In December 2020, the Government of Canada announced that it would invest \$3 billion over the next five years in the Strategic Innovation Fund ("**SIF**") Net Zero Accelerator Fund ("**Net Zero Accelerator**") to help expedite decarbonization projects, increase clean technology and accelerate industrial transformation across Canada. The Fund was capitalized with an additional \$5 billion in the April 2021 federal budget.

To be considered for funding, an applicant must submit a statement of interest to Net Zero Fund and outline the following: (i) details of the proposed project, which should cost at minimum \$20 million with minimum Net Zero Fund contribution of \$10 million; (ii) metrics, targets and timeframes for your clean technology development or adoption project activities that will result in environmental benefits or greenhouse gas reduction; (iii) other environmental benefits; and (iv) a description of how the product links to Canada's environmental priorities, including the transition towards a low-carbon economy.

Further details regarding Net Zero Accelerator and its eligibility requirements are available [here](#).

## **5. Business Development Bank of Canada**

Business Development Bank of Canada ("**BDC**") is a federally owned financial institution focused on supporting start-ups, small businesses and entrepreneurs by providing financing, advisory services and capital. While it is not a specifically "green" funding initiative, BDC has a dedicated cleantech practice.

To be considered by BDC for an investment applicants must generally meet the following criteria: (i) a commercially validated IP-protected technology with a positive environmental impact; (ii) proven market traction with significant potential for revenue growth and commercial contracts; (iii) ambition to scale beyond \$100 million in annual revenue; and (iv) a clear pathway to profitability.

Further details regarding BDC and its cleantech practice are available [here](#).

## **6. Business Scale-up and Productivity Program**

Run through the federal government's regional development agencies, the Business Scale-up and Productivity program offers interest-free repayable funding to high-growth businesses that are scaling up and producing innovative goods, services, or technologies. A high-growth business is considered to be one that has notable and/or consistent revenue increases year over year. Typically, this means an increase of at least 20% year over year. Deadlines vary across the country's six regional development agencies, with multiple rounds per year.

Further details for applicants in western Canada are available [here](#) and details for applicants based in Ontario are available [here](#).

## **7. Natural Resources Canada - Zero Emission Vehicle Infrastructure Program**

Natural Resources Canada, a federal government department, administers a host of funding, grants, and incentive programs to encourage research, development, and demonstration of clean technology. Open funding opportunities include the Zero Emission Vehicle ("**ZEV**") Infrastructure Program which provides funding to those addressing the lack of ZEV charging stations in Canada. The Request for Proposals is open until June 22, 2021. Maximum funding available depends on the type of infrastructure project, but can extend

up to \$5 million per project. A full list of eligibility requirements is available [here](#).

Further details regarding the ZEV Infrastructure Program are available [here](#).

## **Provincial Initiatives**

### *British Columbia*

#### **8. Innovate Clean Energy Fund**

Innovate Clean Energy Fund (“**ICE Fund**”) is a tax funded program that supports British Columbia's economic, environmental and greenhouse gas reduction priorities, as well as advancing its clean energy sector. ICE provides support to a variety of pre-commercial clean energy projects and programs, with partnerships including First Nations, emerging clean tech companies and universities.

In March 2017, ICE Fund announced its partnership with SDTC under the Pan-Canadian Framework on Clean Growth and Climate Change to provide \$40 million to clean energy projects in British Columbia that demonstrate the ability to mitigate or avoid greenhouse gas emissions and support commercialization and economic growth in British Columbia and Canada. ICE Fund and SDTC are currently accepting calls for expressions of interest.

Under its current three-year spending plan for 2018/19 to 2020/21, ICE Fund supported initiatives include: renewable & low carbon fuels; energy efficiency and conservation programs; public sector energy partnerships; and transportation energy solutions.

Further details regarding the ICE Fund and the application process are available [here](#).

#### **9. Innovate BC's Ignite Program**

Innovate BC, a crown agency of the British Columbia government, founded the Ignite Program in 2016, with the goal of providing funding to research and commercialization activities in the areas of natural resources, applied science and/or engineering. The program provides up to \$300,000 over a three-year term to eligible projects, with the program having an annual total budget of approximately \$2.1 million.

Beginning on June 1, 2021, Innovate BC will re-open applications for funding through the Ignite Program. The program is open to research projects in natural resources, applied science and engineering that will result in a commercialized application. Applicants must be a BC based consortium of two or more companies, organizations or academic researchers.

Whereas the program will only support what it deems as the most innovative technologies, there are no priority research topics the program is seeking to support. Projects seeking funding must secure funds from

another source matching the funding provided by the Ignite Program at a ratio of 2:1.

Further details regarding the Ignite Program and the application process are available [here](#).

## **10. Advanced Research and Commercialization Program**

Advanced Research and Commercialization Program (“**ARC**”) is part of the Government of British Columbia’s CleanBC Go Electric Program, which is aimed at supporting development and investment in the zero-emission vehicle sector. ARC was created to overcome the barriers to growth in the ZEV sector identified in the Province’s 2016 Economic Opportunities Assessment Report, such as access to capital, scaling difficulties and limited government support.

Eligible proponents for ARC include any private entity or organization operating in the ZEV sector that is validly incorporated or registered in Canada. Eligible activities include pre-commercial research and development, commercialization, and use or demonstration of a ZEV service, technology or product.

Further details regarding the ARC Program and available fund streams are available [here](#).

## **11. InBC Strategic Investment Fund**

InBC is a newly announced \$500 million strategic investment fund created by the Government of British Columbia. An independent-from-government (and yet-to-be-appointed) Chief Investment Officer will be responsible for managing the fund, and for making investments that advance a triple bottom line mandate: “achieve a financial return on investment; promote values that make life better for people in B.C. including job creation, advancing reconciliation with Indigenous people, and promoting diversity and inclusion; and, establish B.C. as a globally competitive low-carbon jurisdiction.” An application portal is expected to open this fall.

Further details regarding InBC and its mandate are available [here](#).

## **12. BC Fast Pilot**

The B.C. Fast Pilot Program, run by Innovate BC, provides up to \$200,000 for small and medium sized enterprises to design, build, and operate a pilot plant or small demonstration of their technology in real-world conditions. One of the specified priority areas includes: “pilot initiatives in the clean tech sector defined as processes, products, or services that reduce negative environmental impacts through significant energy, efficiency improvements, the sustainable use of resources, or environmental protection activities.”

Eligible companies are B.C.-based businesses with less than 500 employees on payroll, who have developed a prototype and are ready to demonstrate the technology at a customer site, and who are working with an IRAP

Industrial Technology Advisor. While the deadline for Expressions of Interest for the current round of applications has recently passed, future funding opportunities may be available.

Further details regarding BC Fast Pilot program and funding opportunities are available [here](#).

## *Alberta*

### **13. Technology, Innovation and Emission Reduction System**

In October 2020, the Government of Alberta announced that it would invest \$50 million in funding over three years for technologies that reduce methane emissions and improve industrial energy efficiency. Technology, Innovation and Emission Reduction System (“**TIER**”) funding will be delivered through Alberta Innovates, Alberta’s largest research and innovation agency, and providing funding between \$200,000 to \$5 million per eligible project.

Applications to TIER are accepted on an ongoing basis, although applications are currently closed to allocate first cohort funding. Eligible applicants include technology developers, industrial associations, small and medium-sized enterprises, research and development organizations, post-secondary institutions, municipalities, not-for-profit organizations, government research labs, and individuals.

Eligible projects include those that demonstrate greenhouse gas emission reduction, can generate immediate economic benefits (including job creation), are aligned with TIER’s objectives, and can improve the competitive advantage of Alberta’s resources sector.

Further details regarding TIER and the application process are available [here](#).

### **14. Alberta Innovates Vouchers**

Applicants to the Alberta Innovates’ Vouchers program can apply for funding of up to \$100,000 to help cover the costs of up to three service providers for the purpose of business and technology development related to activities such as: new product research and development; patent development; or leading-edge design, engineering and prototype development. The applicant must contribute a minimum 25% cash contribution of the total eligible project costs. Applications are accepted on a rolling basis.

To be eligible, the applicant must be a for-profit SME (fewer than 500 Full Time Employees and less than \$50,000,000 annual gross revenue) with a physical presence in Alberta.

Further details regarding the Vouchers program and the application process are available [here](#).

### **15. Carbon Capture Utilization Program**

The Carbon Capture and Utilization program supports Alberta small and medium sized enterprises with technologies that convert carbon dioxide into useful products with significant commercial value. Eligible applicants include researchers, innovators, small and medium sized enterprises, and large companies. The program has three focus areas: carbon capture; carbon utilization; and hydrogen generation. Funding, expertise, and/or sector leadership will be awarded to those seeking to advance their technology development from Technology Readiness Level 3 - 7. Most funding is provided through a combination of open competition and continuous intake process.

Further details regarding the Carbon Capture Utilization Program and the application process are available [here](#).

*Ontario*

### **16. Voucher for Innovation and Productivity**

The Ontario Centre for Innovation's Voucher for Innovation and Productivity ("**VIP**") program helps companies develop, implement and commercialize technical innovations by supporting partnerships between Ontario's industry and publicly funded post-secondary institutions.

To apply, the industry partner (a for-profit, incorporated in Ontario for at least two years within a minimum of five full-time equivalent employees in the province) must collaborate with a research partner (a principal investigator at an Ontario publicly funded university/research hospital, or applied research officer at an Ontario publicly funded college). Applications are accepted on a rolling basis and can be initiated by the industry partner contacting their Ontario Centre for Innovation Business Development Manager.

Further details regarding the VIP program and the application process are available [here](#).

Learn about new developments in sustainability and how McMillan LLP can help you reach your ESG goals [here](#).

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### **A Cautionary Note**

The foregoing provides only an overview and does not constitute legal advice. Readers are cautioned against making any decisions based on this material alone. Rather, specific legal advice should be obtained.

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