

An overview of industrial electrification incentives in British Columbia

CleanBC is a provincial economic development, energy and climate strategy which prioritizes electrification of industry as a means of meeting climate change commitments. Recognizing that the cost of electrification can be a barrier to choosing clean electricity, both the provincial government and BC Hydro offer the following capital incentives to encourage electrification and support fuel switching projects.

[Learn more.](#)

	BC Carbon Offset Program	CleanBC Industry Fund (Emissions Performance)	CleanBC Industrial Incentive Program	Clean Growth Infrastructure Royalty Program	BC Hydro Low Carbon Electrification Program	CleanBC Facilities Electrification Fund
Description	Greenhouse gas emission offset projects can be developed to generate carbon offset units, which can then be sold to provide an additional revenue stream for project proponents.	The CleanBC Industry Fund (Emissions Performance) invests some of the industrial carbon tax revenue directly into projects that reduce emissions. In 2020, there was about \$16.5 million in funding for projects. In 2021, applicants could receive up to \$25 million in funding for projects.	The CleanBC Industrial Incentive Program supports emissions reductions and competitiveness with incentive payments, by returning the carbon tax paid over \$30/tonne to eligible large industrial operations.	The Clean Growth Infrastructure Royalty Program encourages fuel switching by offering a reduction in royalty payments to producers who invest in electrification or GHG emissions reduction projects. There is currently \$150 million in approved royalty deductions for the Clean Growth Infrastructure Royalty Program.	The Low Carbon Electrification Program provides funding to existing or prospective BC Hydro customers to support fuel switching from carbon-based fuels to low-GHG electricity.	The BC Government has allocated \$84 million of federal green infrastructure funding to create the CleanBC Facilities Electrification Fund to help reduce customer costs to connect to BC Hydro's clean electricity grid. Customers can receive up to \$15 million towards their connection costs.
Criteria	The program currently supports brownfield projects where applicants are moving to a less carbon intensive fuel source. Projects must meet the requirements described in the Greenhouse Gas Industrial Reporting and Control Act and relevant carbon offset protocols. Currently, the Fuel Switch Protocol has been approved.	Applicants must have existing operations that report their greenhouse gas emissions under the Greenhouse Gas Industrial Reporting and Control Act. While reporting operations must be the primary applicant, partnerships with other entities on emission reduction projects are encouraged. In addition to the eligibility criteria outlined above, other criteria may include: cost and GHG emissions reductions, project timing, project risks, business case and complementary benefits (e.g. social and economic).	The program applies to large industrial operations that report their emissions under the Greenhouse Gas Industrial Reporting and Control Act. Eligible industries under the Act may apply. Both Single Facility Operations and Linear Facility Operations may apply, but a separate application form for each.	There are two categories of eligible projects: Growth and Sustainability. Electrification or GHG emissions reduction projects fall within the Sustainability Category of the program. Examples of these projects include: installation of new electric-power equipment or retrofitting existing equipment/facilities to use electricity supplied by an integrated grid or on-site isolated grid, including new utility lines, customer substations, electric drive compressors, equipment upgrades, electric charging stations for medium and heavy-duty vehicles. Projects are evaluated on the following criteria: business case, provincial and local economic benefits, social impacts, avoided or reduced GHGs and environmental effects. Applicants are expected to have projects completed within a specified time period.	Customers must be proposing a fuel switching project from carbon-based fuels to BC Hydro's clean electricity. Projects can be either greenfield or brownfield and customers must be located in BC Hydro's service territory.	BC Hydro customers must be proposing to switch existing or planned operations from carbon-based fuels to BC Hydro's clean electricity. The customer connection project must require a new or upgraded connection to BC Hydro's grid and/or require upgrades to BC Hydro's system. Projects must support public infrastructure. For industrial customers, the fuel-switching load must meet a minimum threshold of 5 MW with an interconnection cost of \$5 million; for transportation or built environment (e.g. buildings) customers, the thresholds are 2 MW and \$2 million, respectively. The customer interconnection project must be completed by spring 2027.

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Process	Project proponents must complete a plan that is validated by an accredited body. A validator submits a project plan and its statement through the BC Carbon Registry for review and approval. When accepted, the validated project plan and related documents are published on the BC Carbon Registry. New projects are considered on a continuous basis.	A Request for Proposals is typically issued in the spring; decisions are made in the summer.	Applicants that report under the Greenhouse Gas Industrial Reporting and Control Act from any sector can apply for the incentive payment by submitting a CleanBC Industrial Incentive Program submission form. It is expected that applications will be required by end of June each year, with decisions on incentive payments to be made over the summer, and payments disbursed each fall.	A Request for Applications is typically issued in the spring; decisions are made in the summer.	Projects are accepted on a continuous basis. Customers are encouraged to work with their BC Hydro Key Account Manager or Energy Manager to identify fuel-switching opportunities. New customers can contact BC Hydro's Business & Economic Development team.	Customers are encouraged to work with their Key Account Manager to identify electrification opportunities. Once an electrification project has been identified, the customer will fill out a form to signal their interest in funding. Customers must initiate the BC Hydro interconnection study process before an application can be submitted to the federal government. If the facilities study or detailed design study has been completed, a customer is ineligible to apply for federal funding. BC Hydro will work with the customer to prepare the application for federal green infrastructure funding.
Funding	Offset revenues are dependent on the quantity of offsets generated by the project and the price per tonne. The market price for offsets varies widely and is determined between seller and purchaser. The Province of B.C. is currently the largest purchaser of B.C. offsets. The Province procures offsets through an open, competitive process in order to achieve its annual Carbon Neutral Government commitment. Prices paid by the Province have historically ranged from \$8–\$16 per tonne. Voluntary purchasers also purchase B.C.'s high quality offsets to achieve their own climate goals. The crediting periods may be up to 10 years for fuel switching projects. Applicants must disclose other sources of funding when participating in the BC Carbon Offset Program. This program cannot be combined with the Clean Growth Infrastructure Royalty Program.	The terms and conditions of funding are set out in individual funding agreements. Funding may be provided for single- or multi-year projects (up to three years). Funding may also be combined with other programs although applicants must contribute a minimum of 25% of project costs. Funding may also be combined with other programs.	To receive funding, applicants must report on energy use, emissions, and production. There is no infrastructure requirement. Applicants are eligible to receive this rebate if nearing prescribed world-leading emissions benchmarks.	There is \$150 million in approved royalty deductions for the Clean Growth Infrastructure Royalty Program. Applicants are eligible to apply for royalty deductions that total up to 50% of the capital investment. The royalty deduction requested cannot be more than 50% of total capital investment in the project. Applicants are required to disclose additional government funding during the competitive process. Additional provincial funding will be accounted for when calculating the emissions reduction ratio and will impact the evaluation scoring of the project.	Funding is provided through a funding agreement, which typically includes a two-stage payment: 1) on project completion; 2) after measurement and verification of incremental electrical energy use related to the project. The scale of industrial projects can vary greatly and costs for such projects are derived from site specific conditions. As such, there may be customer projects that would require funding beyond the existing program budget. In that instance, BC Hydro would assess whether a positive business case could be developed to support such low carbon electrification projects. Funding may also be combined with other local, provincial or federal programs.	Customer connection projects may receive up to 50% of eligible costs to a maximum of \$15 million per project; the remaining 50% of costs could be funded through a combination of customer contributions, and electrification incentives and programs offered by the B.C. Government and BC Hydro. Eligible costs include planning, design (including study costs) and construction of BC Hydro's electrical infrastructure to supply the new load. Customer transmission lines are eligible if ownership is transferred to BC Hydro. Customer equipment costs—such as substations, battery-electric buses and ferries, charging infrastructure, electric drive compressors—are not eligible. Customer connection projects will be reviewed on a first come, first serve basis until the \$84 million fund has been fully allocated.
More information	Greenhouse Gas Emission Offset Projects GHGRegulator@gov.bc.ca	CleanBC Industry Fund CleanBCIndustryFund@gov.bc.ca	CleanBC Industrial Incentive Program GHGRegulator@gov.bc.ca	Clean Growth Infrastructure Royalty Program Rebecca.Stevenson@gov.bc.ca	Contact your BC Hydro Key Account Manager, Energy Manager or reach out to the Business & Economic Development team. bizdev@bchydro.com	bchydro.com/electrificationfund Contact your BC Hydro Key Account Manager