

Sustainable Canadian Agricultural Partnership
On-Farm Efficiency Program
Approval Letter Grant Terms

1. INTERPRETATION

1.1 Definitions – In these Approval Letter Grant Terms:

- a) **“Agreement”** means the Approval Letter and these Approval Letter Grant Terms,
- b) **“Application”** means the application submitted by the Eligible Applicant to the Program,
- c) **“Approval Letter”** means the letter from the Minister to the Eligible Applicant approving its Application,
- d) **“Effective Date”** means the date of the Approval Letter,
- e) **“EFP Approval”** means an Environmental Farm Plan certificate or completion letter issued by Agricultural Research & Extension Council of Alberta (ARECA) under the Alberta Environmental Farm Plan (AEFP) program,
- f) **“Eligible Activity”** means the part or parts of the Project that have been approved under the Program, as set out in the Project Work Table,
- g) **“Eligible Expense”** means an expense that is eligible for payment under this Agreement, as listed in the Project Work Table,
- h) **“Event of Default”** has the meaning given in section 7.1,
- i) **“Federal Minister”** means His Majesty in Right of Canada, as represented by the Minister of Agriculture and Agri-Food,
- j) **“Final Report”** means the report described in section 5.1.
- k) **“Funding List”** means the On-Farm Efficiency Program Funding List as of the date that the Application was received by the Minister,
- l) **“Grant”** means the grant described in section 2.1,
- m) **“Ineligible Expenses”** means expenses that are not eligible for payment under this Agreement, as listed in section 4.2,
- n) **“Program”** means the On-Farm Efficiency Program, a program under Sustainable CAP,
- o) **“Program Application Form”** means the application form for the Program, as posted on the Program website;
- p) **“Program Terms and Conditions”** means the terms and conditions for the Program as of the date that the Application was received by the Minister,
- q) **“Project”** means the activities in the Application that the Eligible Applicant proposed to conduct under the Program,

- r) **“Project Term”** means the period between April 1, 2023 and the end date stated in the Approval Letter,
- s) **“Project Verification Questionnaire”** means a Program form for calculating how much greenhouse gas emissions were reduced by an Eligible Activity;
- t) **“Project Work Table”** means the table of that name in the Approval Letter,
- u) **“Provincial Crown”** means His Majesty in Right of Alberta;
- v) **“Regulation”** means the Ministerial Grants Regulation (AR 215/2022),
- w) **“Reimbursement Claim Form”** means the form to be submitted by the Eligible Applicant, together with all documentation required to be submitted pursuant to that form, to request payment for Eligible Expenses, and
- x) **“Sustainable Canadian Agricultural Partnership”** (or **“Sustainable CAP”**) means the fifth Federal-Provincial-Territorial (FPT) multilateral framework on Agriculture, Agri-Food and Agri-based Products Policy.

1.3 Entire Agreement – This Agreement is the entire agreement between the Minister and the Eligible Applicant regarding support by the Minister for the Eligible Activity, and supersedes all previous agreements, correspondence, negotiations, and understandings. There are no agreements, representations, warranties, terms, conditions, or commitments except as expressed in this Agreement. In the event of a conflict between the Approval Letter and these Approval Letter Grant Terms, these Approval Letter Grant Terms take precedence.

1.4 Regulation – Nothing in this Agreement relieves the Eligible Applicant from strict compliance with the Regulation or otherwise affects the interpretation or application of the Regulation.

2. THE GRANT

2.1 Payment of Grant – Subject to the provisions of this Agreement, the Minister will contribute an amount by way of grant (the **“Grant”**) in the amount stated in the Approval Letter to the Eligible Applicant for the purposes of the Eligible Activity.

2.2 Amount of Grant – The Minister shall provide support for the Eligible Expenses for the Eligible Activity on a cost-shared basis as set out in the Project Work Table. The total amount of the Grant payable to the Eligible Applicant, pursuant to the Regulation and subject to the provisions of this Agreement, shall be based upon the Eligible Expenses claimed by the Eligible Applicant and approved by the Minister. The amount of the Grant stated in section 2.1 shall be adjusted so the total amount of the Grant equals all Eligible Expenses claimed by the Eligible Applicant and approved by the Minister, after application of the cost-share requirement, but in no event shall the amount of the Grant exceed the amount stated in section 2.1.

If the Eligible Expenses claimed by the Eligible Applicant and approved by the Minister are ultimately less than the amount stated in section 2.1, the Grant will be reduced upon review by and at the absolute discretion of the Minister.

If the total amount of funding from federal, provincial, and municipal governments exceeds 100% of the Eligible Expenses incurred by the Eligible Applicant, the amount of the Grant shall be adjusted so that the total government funding for Eligible Expenses does not exceed 100% of these expenses.

- 2.3 Reimbursement** – Grant payments will be made on a reimbursement basis based on the Eligible Expenses claimed by the Applicant and approved by the Minister during the Project Term.
- 2.4 Cost-share** – The cost of approved Eligible Expenses must be shared as follows: 50% Program and 50% Eligible Applicant, except insulation which is funded per square footage as stated in the Funding List. Funding received through other Sustainable CAP programs may not be used toward the cost-share requirements of this Program.
- 2.5 Program Funding Levels** – All eligible applicants are subject to the following funding maximums:
- a) The maximum that an eligible applicant may receive for all applications over the duration of the Program is \$150,000.
 - b) The maximum that an eligible applicant may receive, per Stream, for all applications over the duration of the Program is:
 - \$50,000 for the Smart Farm Technology Stream
 - \$50,000 for the Energy Efficiency Stream
 - \$2,000 for the Farm Security Stream
 - \$100,000 for Efficient Grain Handling Stream
- The Minister may adjust the amount of the Grant so that the Eligible Applicant does not exceed the maximums.
- 2.6 No Other Financial Assistance** – The Eligible Applicant acknowledges that the Grant may not be sufficient to cover the entire cost of the Eligible Activities and that the Eligible Applicant shall be solely responsible for raising funds from other sources to complete the Eligible Activities. The Eligible Applicant acknowledges that the Grant is the only financial assistance the Minister will provide to the Eligible Applicant for the Eligible Activities.
- 2.7 No Obligation to Provide Licenses or Approvals** – Payment of the Grant does not obligate the Minister or the Federal Minister to provide licenses or approvals under any legislation.

3. ELIGIBLE ACTIVITY

- 3.1 Data Collection and Reporting** – The Eligible Applicant shall collect data for its Eligible Activities as follows.
- a) The Eligible Applicant shall complete the Project Verification Questionnaire for all the Eligible Activities.
 - b) If Eligible Item No. 19.1 (Combined Heat and Power) is included in the Project Work Table, the Eligible Applicant shall collect, in the form required by the Minister, the Eligible Applicant's power and heat utilization information as of 12 months before installation of the technology or system.
- 3.2 Completion of Eligible Activities** – The Eligible Applicant must complete the Eligible Activities during the Project Term. An Eligible Activity shall be considered "complete" when the Eligible Applicant has paid in full for the Eligible Item or the technology or system approved under section 3.2.1(b) of the Program Terms and Conditions.

- 3.3 Conduct of Eligible Activities** – Except for items permanently affixed to land sold by the Eligible Applicant, technology or systems for which the Eligible Applicant received payment under the Program must:
- remain owned by the Eligible Applicant for at least three (3) years after the end of the Project Term,
 - be in the Eligible Applicant's possession (or, if it is a fixture, be installed at the Eligible Applicant's operation that is the subject of the Application) and operational no later than six (6) months after the Project Term, and
 - be used by the Eligible Applicant in the production of a primary commodity no later than six (6) months after the Project Term.
- 3.4 EFP Approval** – An Eligible Applicant who did not submit a valid and current EFP Approval as part of the Application must obtain their EFP Approval before the end of the Project Term and must include a copy of the EFP Approval in the Final Report.
- 3.5 Compliance with Laws** – In installing and using the technology or systems purchased under the Program, the Eligible Applicant shall:
- comply with all applicable laws, and
 - obtain all required governmental approvals, including those related to public health and safety, labour codes and standards, care and use of animals in research, wildlife habitat, and environmental protection.

4. ELIGIBLE EXPENSES

- 4.1 Eligible Expenses** – Unless otherwise permitted by the Minister, to be approved as an Eligible Expense, an expense must:
- be listed in the Project Work Table and, if applicable, be at the funding level specified in the Project Work Table,
 - have been incurred during the Project Term,
 - have been incurred by, invoiced to, and paid by the Eligible Applicant,
 - be of fair market value and have been incurred following a competitive process that is transparent, fair, and promotes the best value for the money expended, and
 - not be an expense that is deemed ineligible under section 4.2.
- 4.2 Ineligible Expenses** – In no event shall any of the following be an Eligible Expense:
- expenses that the Minister considers to be duplicative of a technology or system that was funded in whole or part previously under this Program, another Sustainable CAP program, or under a Canadian Agricultural Partnership (CAP) program, unless otherwise approved by the Minister. Expenses for a technology or system that is of the same type and is located in the same location or is used for the same application or operation, are likely to be considered duplicative. E.g. agricultural drone for cow-calf operation is ineligible if an agricultural drone for a cow-calf operation was funded under the Farm Technology Program),

- b) the cost of goods or services that the Minister considers ancillary to the cost of an Eligible Expense, whether or not the goods or services are necessary for the operability of a technology or system (e.g. cables, software),
- c) GST,
- d) extended warranties on equipment, electronics or technology purchased,
- e) installation costs (other than approved installation costs for Eligible Item No. 45.1 (Natural gas line to grain dryer)),
- f) labour costs (other than approved labour costs for Eligible Item No. 45.1 (Natural gas line to grain dryer)),
- g) administrative costs of the Eligible Applicant, such as costs to prepare documents or process invoices,
- h) leasing costs,
- i) in-kind contributions, being non-monetary contributions that defray the total cost of an Eligible Activity, including the provision of unpaid labor, services, or equipment required in the planning, conducting or managing of the Eligible Activity,
- j) cost of on-hand materials or supplies,
- k) expenses identified as ineligible in the Funding List,
- l) expenses incurred in transactions between individuals who are related to each other by blood, marriage, adoption, common-law relationships, or close business ties,
- m) maintenance and repair costs,
- n) costs incurred outside of the Project Term, as determined by the Minister,
- o) consumable expenses, and
- p) any other expense deemed ineligible by the Minister.

4.3 Calculation of Eligible Expenses – Eligible Expenses shall be calculated based on the actual out of pocket cost to the Eligible Applicant (i.e., cost of the Eligible Expense less any rebates, discounts, incentives and/or credits, whether provided at the time of purchase or at a later date).

4.4 Approval and Determination of Eligible Expenses – The Minister has the sole discretion to approve or not approve a claimed expense as an Eligible Expense, and may determine the amount of an Eligible Expense where:

- a) the Minister considers the amount of a claimed Eligible Expense to be unreasonable or not reflective of actual out-of-pocket cost, or
- b) the Eligible Applicant fails to establish the amount of an Eligible Expense to the satisfaction of the Minister.

4.5 No Duplicate Payment – Eligible Expenses qualify only once for payment under the Program and under Sustainable CAP.



5. REPORTING, MONITORING AND INSPECTION

- 5.1 Final Report** – The Eligible Applicant shall provide the Minister with a Final Report, to the Minister’s satisfaction, by the date stated in the Approval Letter. The Final Report must include:
- a completed Reimbursement Claim Form, with copies of all documentation to establish, to the satisfaction of the Minister, the amount of the expense and its qualification as an Eligible Expense. (Examples of appropriate documentation include: invoices, receipts, proof of payments, calculations. Invoices should be issued in the name of the Eligible Applicant and itemized with the cost of each item clearly identified. Claims in respect of cash payments will not be accepted unless accompanied by an official company voucher and proof of payment),
 - a completed Project Verification Questionnaire,
 - a copy of the Eligible Applicant’s current EFP Approval, if required under section 3.4, and
 - any other information requested by the Minister.

The Minister may require that any such report be reviewed, assessed and reported on by the Eligible Applicant’s auditors.

- 5.2 Disclosure of Information** – The Eligible Applicant consents to the Minister releasing any information contained in the Application, Reimbursement Claim Form, or Final Report, or related to it, to any other government department, agency or other body, or other program of the Minister, for the purposes of verifying the Eligible Applicant's eligibility for this Program or its eligibility for payment under this Agreement. The Eligible Applicant expressly authorizes the Minister to obtain information from any government department, agency or other body, or other program of the Minister, to verify its eligibility for this Program or its eligibility for payment under this Agreement.
- 5.3 Financial Records** – From the Effective Date until six (6) years after the Project Term, the Eligible Applicant shall keep separate books, accounts, and records for the Eligible Activity, in accordance with generally accepted accounting principles.
- 5.4 Inspection** – From the Effective Date until six (6) years after the Project Term, the Minister may, at reasonable times and upon reasonable notice, attend the business operation of the Eligible Applicant for the purpose of examining any records or other items pertinent to the Eligible Activity to assess the Eligible Applicant’s compliance with this Agreement. If the Eligible Applicant fails to provide such access or any required information within a reasonable time on reasonable notice, as determined by the Minister, the Eligible Applicant may be required to refund some or all of the Grant.
- 5.5 Audit and Evaluation** – From the Effective Date until six (6) years after the Project Term, the Eligible Applicant shall allow the Minister or the Auditor General of Alberta to audit and evaluate the Eligible Activity or the Eligible Applicant’s compliance with this Agreement. The Eligible Applicant shall allow such personnel to examine its business operations and to review all records, books of account, income tax returns, databases, invoices, audit and evaluation reports and other information in relation to the Eligible Activity as necessary for this purpose. If the Eligible Applicant fails to provide such access or any required information within a reasonable time on reasonable notice, as determined by the Minister, the Eligible Applicant may be required to refund some or all of the Grant.

- 5.6 Cooperation** – The Eligible Applicant shall cooperate with the Minister in the completion of any verification, audit, evaluation or inspection under this Agreement.
- 5.7 Repayment** – The Eligible Applicant must repay, by the date specified by the Minister, all amounts of the Grant that the Minister determines (whether through an inspection, audit, evaluation or other process) to have been paid in respect of an expense that is not an Eligible Expense.

6. OTHER OBLIGATIONS OF THE ELIGIBLE APPLICANT

- 6.1 Representations and Warranties** – The Eligible Applicant represents and warrants:
- a) it has made full, true and plain disclosure to the Minister of all facts relating to the Eligible Activity that are material to this Agreement, including without limitation all sources of funding from federal, provincial and municipal governments,
 - b) it is not aware of any discussions to affect a sale, transfer, assignment or pledge of interest which would result in a change of the control of the Eligible Applicant or of the disposition of all or substantially all the assets of the Eligible Applicant,
 - c) it has the necessary financial resources to complete the Eligible Activity,
 - d) it has adequate human resources, experience and skills to carry out its responsibilities under this Agreement,
 - e) no application has been made for the same Eligible Activity by any other person, including without limitation, a person who is not arms-length or a related person as defined by the *Income Tax Act* (Canada) or by a shareholder, member or partner who is actively carrying on farming or business on behalf of a corporation,
 - f) no member of the House of Commons or the Senate shall derive any financial advantage from the Grant that would not be permitted under the *Parliament of Canada Act* (Canada),
 - g) no current or former federal public office holder or federal public servant to whom the *Conflict of Interest Act* (Canada), the Conflict of Interest Code for Members of the House of Commons, or the Values and Ethics Code for the Public Sector and the Policy on Conflict of Interest and Post-Employment applies shall derive any advantage or benefit from the Grant unless the provision or receipt of such advantage or benefit is in compliance with such legislation, codes and policies,
 - h) any person lobbying, as that term is defined in the Lobbyists Registration Act (Canada), on the Eligible Applicant's behalf is registered pursuant to that Act,
 - i) the execution by the Eligible Applicant of this Agreement and the carrying out of this Agreement have been duly and validly authorized by the Eligible Applicant in accordance with applicable law, and this Agreement will constitute a binding legal obligation of the Eligible Applicant,
 - j) it has the power and authority and all necessary licenses and permits to own and operate its properties and carry on its operations, to enter into this Agreement, and to perform its obligations under this Agreement,
 - k) there is presently no action, suit, or proceeding being brought or pending or threatened against or affecting the Eligible Applicant which could affect its operations, properties, or financial condition or its ability to complete the Eligible Activity,

- l) if the Eligible Activity requires authorization by an agency, that the Eligible Applicant has obtained such approval prior to the commencement of the Eligible Activity,
- m) it is in compliance with all laws, orders, and authorizations which relate to or affect it and is not subject to any order of any court or other tribunal affecting its operations,
- n) the persons signing is duly authorized to enter this Agreement, bind the Eligible Applicant to this Agreement, and in the case of a partnership, bind the partners to this Agreement on the basis of joint and several liability.

6.2 Change in Control – From the Effective Date until three (3) years after the Project Term, the Eligible Applicant shall not, without the prior written consent of the Minister, cause or suffer to exist any sale, transfer, assignment, or pledge of interest which would result in a change of control of the Eligible Applicant, or the disposition of all, or substantially all, of the assets of the Eligible Applicant.

7. DEFAULT, TERMINATION, AND REPAYMENTS

7.1 Event of Default – Any one or more of the following, as determined in the Minister's discretion, shall constitute an event of default ("Event of Default"):

- a) the Eligible Applicant or the Eligible Activity do not meet the eligibility criteria in the Program Terms and Conditions,
- b) the Eligible Applicant fails to make satisfactory progress on the Eligible Activities over a consecutive two month period,
- c) the Eligible Applicant ceases to carry out the Eligible Activity,;
- d) the Eligible Applicant fails to provide a copy of an EFP Approval with its Final Report, where required under section 3.4,
- e) the Eligible Applicant fails to repay an amount by the date specified by the Minister,
- f) the Eligible Applicant fails to comply with any of its obligations under this Agreement,
- g) the Eligible Applicant provides false or misleading information to the Minister,
- h) Eligible Applicant becomes insolvent or ceases to carry on its operations, or a resolution is passed or an application is made for winding up, dissolution, liquidation or amalgamation of the Eligible Applicant during the Project Term.

7.2 Consequences of Default – Upon the occurrence of an Event of Default, the Minister shall give written notice to the Eligible Applicant, specifying the period of time within which the Eligible Applicant must cure the Event of Default. The Eligible Applicant shall diligently work to cure the default after receiving the notice. If the Eligible Applicant does not cure the Event of Default to the Minister's satisfaction:

- a) in addition to any other remedy under this Agreement or at law, the Minister may do one or more of the following:
 - i) withhold payments of the Grant,
 - ii) demand that the Eligible Applicant immediately repay to the Minister all or part of the Grant,
 - iii) terminate this Agreement, and
- b) the Minister may require the Eligible Applicant to do one or more of the following, and depending on the requirement, the Eligible Applicant shall immediately:

- i) make no further commitments for expenditures of the Grant and make no further disbursements that would be Eligible Expenses, except with the Minister's prior written consent,
- ii) pay to the Minister the amount demanded pursuant to section 7.2(a)(ii),
- iii) provide an accounting of the full amount of the Grant with an audit report.

7.3 Repayments – The Eligible Applicant shall pay the amounts due under this Agreement to the Finance Minister, by the dates set by the Minister. An amount repayable by the Eligible Applicant under this Agreement is a debt due to and recoverable by the Provincial Crown

7.4 Right of Set-Off – The Minister may set-off against any other grant or amount payable to the Eligible Applicant under any programs administered within Alberta Agriculture and Irrigation any amounts that become repayable by the Eligible Applicant under this Agreement.

7.5 Right to Deduct – The Minister may deduct from the Grant any amount owed to the Minister or Federal Minister.

8. COMMUNICATIONS AND DISCLOSURE OF INFORMATION

8.1 Announcements – The Eligible Applicant shall not make any public announcement regarding the Minister's funding of the Eligible Activity except in consultation with the Minister, and with the approval of the Minister as to the content of the announcement.

8.2 Approval of Communications – Communications and communication materials related to this Agreement must be approved by the Minister.

8.3 Disclosure – The Eligible Applicant acknowledges and agrees that the Minister may disclose this Agreement and its contents by any means chosen by the Minister including by tabling it before the Legislature. The Eligible Applicant further acknowledges and agrees that the Minister will publicly disclose the following information relating to this Agreement in accordance with the *Fiscal Planning and Transparency Act*: grant recipient name, amount of the grant, the program under which the grant is paid, and the payment date. The Eligible Applicant also acknowledges and agrees that the Federal Minister is authorized to publicly release the grant recipient's name, the amount of the grant, and the general nature of the Eligible Activity.

8.4 Access to Information – Information and records maintained by the Minister relating to this Agreement are subject to the *Access to Information Act* (Alberta) This Act allows any person a right of access to records in the custody or under the control of a public body, subject to limited and specific exceptions.

9. INTELLECTUAL PROPERTY

9.1 Minister's Use of Data – The Minister shall compile data from all eligible applicants to calculate the aggregated energy savings and aggregated carbon emissions reductions as a result of the Program. Eligible applicants' personal information shall not be presented with this data. The Eligible Applicant permits the Minister to use the following for this purpose:

- a) Data from Part 4 of the Eligible Applicant's Program Application Form, and
- b) Data provided under section 3.1.

- 9.2 Non-Commercial Use by Minister** – The Eligible Applicant shall own any intellectual property, including any copyright, trademarks, and patents, over the materials developed or arising from the course of carrying out the Eligible Activity, unless otherwise specified in this Agreement. The Minister may use, for non-commercial purposes, the intellectual property delivered in the Eligible Applicant's reporting (including excerpts), and the Eligible Applicant shall, upon request, provide to the Minister any licenses or authorizations as may be required, including waivers of moral rights.

10. NOTICES

- 10.1 Notices** – All notices or documents required or permitted to be given or submitted by one party to the other under this Agreement shall be deemed given or submitted to the other party if in writing and either personally delivered, sent by registered mail or sent by e-mail, in the case of the Minister, to the office of the addressee as stated in the Approval Letter, or in the case of the Eligible Applicant, to the address stated in the Application. Either party may change its contact information by giving notice to the other in the above manner. Notices are effective as follows: if sent by personal delivery, with proof of delivery; if sent by registered mail, with proof of receipt; if sent by ordinary mail, seven (7) calendar days after the date on which the notice was mailed. Notices or documents may be delivered by e-mail if the notice or document is sent to the designate specified at the specified address, and the electronic agent receiving the document or notice at that address receives the notice or document in a form that is usable for subsequent reference, and the sending electronic agent obtains or receives a confirmation that the transmission to the address of the person to be served was successfully completed.

11. GENERAL

- 11.1 Amendment** – During the Project Term, the Eligible Applicant may request that:
- a) Eligible Expenses listed in the Project Work Table be added, modified or removed, or
 - b) the Project Term be changed,
- by submitting a written request to the Minister outlining and justifying the proposed amendments. If the Minister approves a proposed amendment, the Minister will enter into an amending agreement with the Eligible Applicant. The Minister is not required to approve any proposed amendment.
- 11.2 Waiver** – Any waiver by the Minister of the Eligible Applicant's performance of an obligation under this Agreement must be in writing, and such waiver does not constitute a continuing waiver of the performance of that obligation unless a contrary intention is expressed otherwise.
- 11.3 Assignment** – The Eligible Applicant may not assign this Agreement or any right or benefit under it.
- 11.4 Survival** – Despite any other provision of this Agreement, those sections which by their nature continue after the termination of this Agreement shall continue after such termination.