1. Introduction

1.1 Background

The Manitoba Biomass Energy Support Program is a component of the Manitoba Bioproducts Strategy which was launched in January 2011. This program is also part of the newly launched Manitoba’s Clean Energy Strategy.

Biomass is an environmentally advantageous and effective way of providing energy for heat. Some forms of dry biomass can possess as much or more energy (BTU) than coal (e.g., lignite). Farm-produced products such as straw, chaff and wood products represent a significant untapped resource for the production of biomass energy. The use of locally produced biomass fuels has the potential to reduce economic leakages associated with the costly import of fossil fuels.

Manitoba is committed to reducing greenhouse gas (GHG) emissions from coal burning. The use of biomass as a replacement for coal has significant environmental benefits through the reduction of greenhouse gases and other contaminants. Therefore, the provincial government is encouraging the development of a biomass energy industry in Manitoba, using primarily agricultural and forestry residues.

The Manitoba Biomass Energy Support Program was established in 2011. It is intended to assist primarily agricultural users of coal to shift to the use of biomass for heat. The program also assists processors selling biomass within the agricultural sector with the capital costs of establishing or expanding biomass processing in the province.

The program seeks to assist in the development of the broader biomass sector in Manitoba for both biomass energy suppliers and consumers. The program is intended to meet a number of provincial objectives including:

- increasing the availability and affordability of Manitoba-made renewable biomass cubes, pellets, etc. for use as alternatives to imported coal;
- developing technology useful in advancing biomass industry development;
- assisting the development and commercialization of emerging biomass fuel producers in the province;
• helping divert crop residue from farm fields where it may be burned into the manufacture of biomass fuel; and
• enabling coal consumers to switch from coal to solid biomass energy products as a result of the ban on coal used for space and water heating.

1.2 Program Scope

The program will consist of two components, the Capital Incentive and the Research and Development Grant.

1.3 Capital Incentive

The program’s Capital Incentive will provide financial support for capital and/or infrastructure upgrades that are required to effectively manufacture or consume biomass fuel, including expansion of existing facilities or development of new capacity.

This incentive will be provided for those who combust eligible biomass materials consisting of agricultural residues, forestry residues or purpose-grown crops purchased for use as fuel for heating, for example:

• agricultural residue such as wheat straw, corn stover, flax straw, and agri-processing by-products such as flax shives, sunflower hulls, oat hulls, and compacted biomass, such as wheat chaff pellets and oat hull pellets;
• forestry residues such as hog fuel, forestry operations residues, salvaged timber; and
• purpose-grown crops such as switchgrass, willow crops, poplar crops.

Ineligible products include:

• charcoal products
• peat
• wood from standing green forests
• waste as defined under the Environment Act

Successful applicants may be eligible for cost-shared support of up to $50,000 each, to a maximum of 50 per cent of total eligible costs, and must demonstrate that the capital upgrade is necessary and directly related to the processing, handling, storage or burning of the biomass fuel.

Preference will be given to conversion from coal to biomass.

Applications will be considered on a first-come-first-serve basis.

Eligible processing facility or equipment upgrades may include storage, conveyors, size-reduction equipment (e.g., tub grinder, hammer mill, chipper, pelleter, or cuber). Eligible equipment related to usage may include...
burners, storage and handling facilities and related equipment, and must adhere to all CSA quality standards.

Ineligible equipment includes general-use farm equipment, such as tractors, brush cutters, front-end loaders, etc.

Ineligible Costs include expenses claimed previously under the Program.

Eligible Costs must be incurred from April 1, 2017 to March 31, 2018 in order to qualify for the Capital Incentive.

2. **Definitions**

For the purpose of this Program:

"Administrator"/"Program Manager" means the individual who on Manitoba’s behalf is responsible for the administration of the program.

“Consumers” means agricultural users of coal or those within the agricultural sector that seek to utilize biomass fuel.

“Eligible Biomass” includes plant-derived products as defined in section 2.0, Program Scope. This includes agricultural residues, agri-processing by-products, compacted biomass, such as flax shives, sunflower hulls, oat-hulls, wheat chaff and oat hull pellets; forestry residues such as hog fuel, forestry operations residues, salvaged timber; purpose-grown crops, such as switchgrass, willow crops, poplar crops.

“Ineligible Products” include: charcoal products, peat, wood from standing green forests, and waste as defined under the Environment Act.

3. **Proponents Instructions**

3.1 **Submission Address and Deadline**

Proponents must submit a hard copy of their Proposal addressed as follows and delivered to:

Manitoba Agriculture  
Unit 13 - 59 Scurfield Blvd  
Winnipeg, MB R3Y 1V2  
Attention: Jeff Kraynyk  
E-mail: jeff.kraynyk@gov.mb.ca
Proposals must be received no later than Submission Deadline of August 31, 2017 at the above address. Proposals received after the Submission Deadline will not be accepted and will be returned to the Proponent unopened.

The Administrator may extend the Submission Deadline by issuing an addendum at any time prior to the time and date specified in the preceding paragraph in this section or prior to the date and time previously specified in any addendum extending the Submission Deadline.

Proposals should be submitted in a sealed envelope and delivered by mail or by courier to the above noted address. The envelope should be clearly marked with the Program name, the Submission Deadline and the Proponent’s name and return address.

Proposals must be signed, in ink, by an appropriate signing officer(s).

Proposals from incorporated enterprises must include a business or sales tax identification number.

Proposals from unincorporated enterprises must include the personal social Insurance number (S.I.N.) of the applicant.

Initial Proposals must include project plans, detailed budgets, and official quotes from the supplier(s).

Official receipts from the supplier(s) for all eligible expenses and confirmation of project plans will be required prior to Payment.

Proposals, once submitted, become the property of Manitoba. All proposals will be kept in the strictest of confidence subject to such disclosure as may be required under the provisions of The Freedom of Information and Protection of Privacy Act or The Personal Health Information Act.

It is solely the Proponent’s responsibility to ensure that the Proposal is received at the designated location prior to the Submission Deadline.

3.2 Proposal Inquiries

Proponents shall be solely responsible for obtaining all information that may be necessary in order to understand the requirements of this Program and submit a Proposal in accordance with the terms and conditions of this Program. No allowance shall be made for the failure of a Proponent to obtain such information or to make such investigations.

All inquiries related to application for this Program are to be directed, in writing, at least seven (7) days prior to the Submission Deadline as noted above. Inquiries received after this date may not be answered. Written inquiries are to be directed to the Administrator/Program Manager:

Manitoba Agriculture
Unit 13 - 59 Scurfield Blvd
Winnipeg, MB R3Y 1V2
Attention: Jeff Kraynyk
E-mail: jeff.kraynyk@gov.mb.ca
If Manitoba, in its sole discretion, determines that an inquiry will be of interest to all Proponents, it will be communicated in writing to all Proponents. The source of the inquiry will be kept confidential.

Proponents wishing to receive any further information on this Program are invited to contact Manitoba Agriculture in writing at the address above or by calling 204-250-1906.

3.3 Proposal Conditions

A Proponent should clearly understand, and by submitting a Proposal agrees, that the Proposal or any part of the Proposal is subject to the following conditions, in addition to any other terms and conditions set out in these Terms of Reference:

3.4 Disqualification

No Proposal will be considered which is received after the Submission Deadline. No Proposal will be considered from a Proponent where Manitoba, in its sole discretion, determines that a potential conflict of interest exists. No Proposal will be considered that is in any way conditional or that proposes to impose conditions on Manitoba that are inconsistent with the Program requirements and the terms and conditions stipulated herein.

3.5 Right of Rejection

The submission of a Proposal, the receipt of a Proposal by Manitoba, and the opening of a Proposal, or any one of those, does not constitute acceptance, in any way whatsoever, of a Proposal.

A Proposal is not, and shall not be deemed in any way to be, a unilateral contract. It is an offer by the Proponent to Manitoba to carry out the provisions set out in this Terms of Reference. A Proposal may be accepted or rejected by Manitoba in Manitoba’s entire discretion.

A Proposal, or any part of a Proposal, is not accepted unless Manitoba accepts it in writing and the written acceptance has been delivered to the selected Proponent.

Manitoba, in its entire discretion, may reject or accept all or any part of a Proposal. Manitoba is under no obligation whatsoever to accept the Proposal with the lowest cost of any Proposal.

3.6 Cost of Proposal

Costs incurred in the preparation, presentation and submission of a Proposal shall be borne entirely by the Proponent.
3.7 **Greenhouse Gas Offset Credits**

Any carbon offset credits achieved from greenhouse gas reductions and removals through projects incented by the Program will be fully assigned to and owned by the Province of Manitoba.

3.8 **Period of Validity**

Proposals shall be irrevocable after the Submission Deadline and open for acceptance for 60 days after the Submission Deadline.

3.9 **Decisions of Evaluation Committee**

All decisions on the degree to which a Proposal meets the stated criteria or the score assigned to a Proponent or part of a Proposal will be determined solely by the Evaluation Committee. The Evaluation Committee’s determinations in this regard are final and may not be appealed by a Proponent.

3.10 **Appeals**

The Minister may establish an appeal body and an appeal process with respect to the Program.

3.11 **Amendment or Withdrawal of Proposal**

Proponents may amend Proposals that have been submitted prior to the Submission Deadline by submitting an amendment clearly identifying the change or by submitting a new Proposal that clearly indicates that it is to replace the Proposal previously submitted by the Proponent.

Amendments submitted after the Submission Deadline will not be considered by Manitoba.

Proponents may withdraw a Proposal submitted by submitting a request in writing to Manitoba at any time prior to, but not after, the Submission Deadline.

All amendments or requests to withdraw a submitted Proposal shall be in writing submitted to the Administrator/Program Manager.

All such amendments or requests shall be submitted on the Proponent’s letterhead and shall be signed by the Proponent or an authorized representative of the Proponent.

It is solely the responsibility of the Proponent submitting an amendment or requesting to withdraw a Proposal to ensure that the amendment or request is received prior to the Submission Deadline.

3.12 **Access to Project Site**

All successful applicants/proponents will be required to allow Manitoba Agriculture staff access to their facilities to obtain project status information for program statistics, accountability and reporting.
4. Proposal Evaluation and Selection

4.1 Evaluation Committee

The Evaluation Committee will be comprised of members of Manitoba Agriculture and other government departments as required. The Evaluation Committee will be responsible for reviewing and evaluating Proposals submitted in response to this Program and may call on other government departments or agencies or unbiased external sources to assist in the evaluation of Proposals, as required.

4.2 Evaluation Process

The Program evaluation process is a selection procedure. It will be finalized through completion of the following steps:

1. Proponents to submit Proposals in response;
2. Review and evaluation of Proposals by the Evaluation Committee
   - Proposals must include the fully completed application form and all official cost estimates to proceed in the evaluation process. Proposals not meeting the mandatory requirements will be disqualified and receive no further consideration.
   - Proposals meeting the mandatory requirements will be evaluated in accordance with the criteria evaluation process identified in Terms of Reference.
3. Recommendation by the Evaluation Committee to Manitoba of the selected Proposal or part of a Proposal.
4. Decision by Manitoba to accept or not to accept a Proposal or part of a Proposal.

4.3 Acceptance of Proposal

Proponents will be notified if Manitoba decides to accept a Proposal or Proposals that, in Manitoba’s sole opinion, are evaluated in accordance with the criteria identified above and are within the Program’s budget. Should Manitoba decide not to accept any Proposal, all Proposals will be given written notice of such decision.
APPENDIX “A” Specifications

A1 Period of Contribution Agreement

The Contribution Agreement will remain in effect until March 31, 2018.

A2 Invoicing

Subject to the following subsections, in consideration of the Project provided or delivered to the satisfaction of Manitoba, Manitoba shall pay the Proponent an amount not exceeding the amount specified in the Program description above.

Manitoba will only make payment to the Proponent on the basis of demonstrated purchase receipts accompanied by a brief progress report that assesses work activities identified in the proposal. All invoices shall be in writing and satisfactory to Manitoba in both form and content. The Proponent shall also provide to Manitoba supporting documents, vouchers, statements and receipts as may be requested by Manitoba.

Manitoba shall endeavour to pay the Proponent any fees due within 60 days after receipt and approval of the invoice and any supporting materials requested under subsection A2(2) of these Specifications.

A3 Project Requirements

Eligible Projects must be located in Manitoba, must have the capability to meet program objectives, and shall be made accessible for inspection or audit, as may be requested by Manitoba.

A4 Deliverables

Successful projects will demonstrate viability and cost effectiveness based on the capital costs and capacity of the proposed facility.

A5 Timelines

Eligible Costs must be incurred from April 1, 2017 to March 31, 2018 in order to qualify for Capital Contribution.

Submission Deadline for the program is August 31, 2017.

A6 Eligible Applicants

Eligible Applicants to the program are those who require new or expanded capital equipment and/or infrastructure in order to effectively begin or expand the consumption and/or processing of biomass fuel.
A7 Eligible Costs

Eligible Costs are properly documented expenditures on approved capital equipment and/or infrastructure as specified in Section 2.0, Program Scope.

A8 Non-eligible Costs include:

- Land purchase, rent or lease
- Administrative buildings
- Operations and administrative costs of the facility
- Capital costs related to the production, blending and/or storage of products other than specified above, other exclusions as previously specified in Section 2.0, Program Scope.
- Equipment or facilities that may be used for general on-farm use, such as tractors, brush cutters, front-end loaders, etc.

A9 Project Costing

The costing of the proposed project is to be quoted in terms of Total Project Costs which are equal to the Eligible Costs plus all other costs required completing the Project.

A10 Risk Management

The Proponent should identify those proactive measures taken to minimize Project disruptions or delays.

A11 Reporting

A11.1 Environmental Approvals Report

As a pre-condition to any contribution payment to be made under this Agreement, the Proponent shall provide evidence, including a statement signed by a duly authorized officer of the Proponent and copies of all approvals, satisfactory to Manitoba, that the Project has been approved by all requisite federal, provincial and municipal environmental authorities.

A11.2 Claim Reports for Approved projects

Approved projects will receive written confirmation via mail delivery of the approval and maximum award. In order to receive payment, Proponents will be required to provide to Manitoba a Claim Report that includes:

Details of all Admissible Eligible Costs which have been incurred and paid, being claimed, and substantiated by such documents that may be required by Manitoba to substantiate Proof of Purchase and Eligible Costs;
Certification by a duly authorized financial officer of the Proponent, duly signed claim forms, and appropriate Proponent identification, such as a 9-digit Business Number as assigned by the Canada Revenue Agency for tax purposes such as Payroll Tax, Retail Sales Tax, etc., or a personal Social Insurance Number; and

An independent Engineering Report acceptable to Manitoba that clearly documents the progress of the Project in relation to the Project schedule described in the Proposal and that attests that the expenditures claimed and/or facility being constructed matches the description and scope of the Project.

A12 Communications

The Government of Canada and the Government of Manitoba may make public announcements or otherwise publicly release the applicant’s name, the amount of funding received under the Program and the general nature of the project or activity that the applicant is undertaking for which funding under the Program is being made available.

Proponents wishing to receive further information on this Program are invited to contact Manitoba Agriculture in writing at the address above or by calling 204-250-1906.