

Climate Action Revenue Incentive Program (CARIP)

Program Guide for 2016 Claims



November, 2016



Ministry of
Community, Sport and
Cultural Development

Climate Action Revenue Incentive Program (CARIP)

Climate action is a provincial priority and local governments are key partners in helping to reduce greenhouse gas emissions and create complete, compact, energy efficient communities.

The CARIP is a conditional grant program that provides funding to BC Climate Action Charter (Charter) signatories equivalent to one hundred percent of the carbon taxes that they pay directly. This funding supports local governments in their efforts to reduce greenhouse gas emissions and move forward on achieving their Charter goals.

Eligibility Requirements

To be eligible for the conditional grant, local governments must:

- Sign on to the Charter, and by doing so commit to take actions and develop strategies to achieve the following three goals:
 - being carbon neutral in their corporate operations by 2012;¹
 - measure and report on their community GHG emissions profile; and
 - create complete, compact, energy efficient rural and urban communities;
- Complete and submit a signed electronic version of the 2016 Carbon Tax Calculation Form.
- Report publicly on their plan and progress toward meeting their climate action goals, including progress toward carbon neutrality.

Amount of Grant

Under the CARIP, each eligible local government will receive a grant equal to one hundred percent of the carbon tax paid as a direct expenditure.

New CARIP Survey Software

This year's *CARIP Climate Action/Carbon Neutral Progress Survey* uses SurveyMonkey® software. SurveyMonkey® acquired *FluidSurveys™*, which is the survey software that was used for CARIP reporting for the past 2 years. As a result of changes in software functionality:

- Local government Financial Officers will receive an email directly from SurveyMonkey® with a link to the CARIP survey.
- It is recommended that local governments:
 - use the [Survey Template](#) to gather and record responses to the survey questions before inputting them into the survey; and
 - use the populated [Survey Template](#) to facilitate public reporting on the climate action information submitted in the survey.

¹ While the wording of carbon neutral commitment in the Charter is that local government signatories will be “carbon neutral in their corporate operations by 2012,” the Green Communities Committee (GCC) has recognized the challenge for some local governments in achieving this goal. In turn, the GCC has endorsed ‘making progress’ toward carbon neutrality as part of the common approach. This provides flexibility for Charter signatories who are working toward becoming carbon neutral to still continue to meet their carbon neutral commitment under the broad spirit of the Charter.

Calculating Carbon Tax Paid

A new carbon tax calculation form has been created for 2016. For more information see the section: Completing the Carbon Tax Calculation Form.

CARIP Deadlines

- **December 31, 2016:** *On or before this date:*
 - Sign onto the Charter. If your local government is not already a Charter signatory, download a copy of the Charter from the Ministry's Charter webpage, sign it and mail the signed document to Jared Wright at:

Local Government House
525 Government Street
Victoria, BC V8V 0A8

- **June 1, 2017:** *On or before this date:*
 - [2016 Carbon Tax Calculation Form](#) (.XLS, 83KB)
Complete and submit a signed electronic version of the form, which requires Financial Officer certification, via email to the Province at infra@gov.bc.ca.

 - **2016 CARIP Climate Action/Carbon Neutral Progress Survey**
Complete and submit the *2016 CARIP Climate Action/Carbon Neutral Progress Survey* to the Province (a link to the survey has been sent directly, via email, to each local government Financial Officer);

 - **Public Report**
Create and make public a report containing the information submitted in the online survey. SurveyMonkey® does not enable survey respondents to generate reports based on their responses. Local governments can generate a report in one of two ways:
 - create a report based on the populated [Survey Template](#)
 - create a report in another format that contains the information submitted in the *2016 CARIP Climate Action/Carbon Neutral Progress Survey*.

 - [CARIP Public Report Attestation Form](#) (.DOC, 60KB)
Complete and submit a scanned copy of the completed form, signed by the Financial Officer via email to the Province at infra@gov.bc.ca.

Note: A diagram of key dates and reporting deadlines is located on page 6 of this guide. If you are unable to submit the forms by email, please call 250 387-4060.

Recommended Process

April 1, 2017: *Before this date*, it is recommended that local governments do the following:

- Begin to gather data for your 2016 Carbon Tax Calculation Form.

- Begin to gather information for your CARIP report using the Survey Template.
- If you have any questions, contact infra@gov.bc.ca.

Certification and Auditing

The Carbon Tax Calculation Form must be certified by local government Financial Officers as outlined on the form. The Province reserves the right to audit the information provided by local governments for the CARIP grant.

PROGRAM GUIDELINES

Completing the Carbon Tax Calculation Form

The [Carbon Tax Calculation Form](#) is in Excel format and is designed to calculate the value of the carbon tax paid in 2016. The form lists the various fuels that are taxed, along with the 2016 tax rate for each of these fuels. The fuels most commonly used by local governments are listed at the top of the form.

Open the document in Excel and fill in the quantity for each of the fuels purchased in the specified time frames. The spreadsheet will automatically apply the applicable rate to that quantity of fuel and calculate the tax paid.

The data provided should be for carbon tax paid *directly* by your local government from January 1, 2016 to December 31, 2016. For details of eligible and ineligible costs, please see below. The most likely source of data will be from your billings from fuel suppliers, which should list the quantities purchased, making filling in the form straightforward.

Eligible and Ineligible Costs

Direct Costs Only

The CARIP grant is intended to offset the carbon tax paid directly by B.C. local governments for fossil fuels purchased and combusted for their own use in delivering local government services. The CARIP grant will not be paid in relation to:

- Fuels purchased by non-local government entities;
- Fuels that are exempt under the Carbon Tax Act for which the local governments would not have paid the carbon tax; or
- Fuels purchased directly by a local government, but where the cost of the carbon tax has been recovered through resale of the fuel, through a lease arrangement or by any other means, unless that resale is to an eligible local government.

Fuel purchases by non-local government entities

The CARIP grant will be paid in relation to fuels purchased directly by eligible local governments. Fuels purchased by non-local government entities are therefore not eligible. Consequently, fuels purchased by a subsidiary corporation of a local government and fuels purchased by a non-local government entity under a contractual agreement with the local government will not be reimbursed and should not be included in your calculation, even if the local government may pay indirectly for this fuel through a contract for goods or services.

Exempt Fuels

Certain purchases of fuel are exempt from carbon tax and therefore you would not be entitled to receive a grant in relation to these purchases. Consequently, you would record only the fuel purchased directly by the local government for its own use in delivering local services on which carbon tax was paid. Information on carbon tax exemptions is available online at:

<http://www2.gov.bc.ca/gov/topic.page?id=B5962997255B46DD8FEE32BEB04558F5>

Local governments can also contact the Ministry of Finance by telephone at 1-877-388-4440 (toll free within Canada) or by email at CTBTaxQuestions@gov.bc.ca.

In addition, there may be some petroleum/coal products that have been purchased on which carbon tax has not been paid because they are not combusted, and are instead used as a raw material in an industrial process to manufacture another substance. For example, if a local government makes its own asphalt, the fuel combusted in the process is taxable, but the petroleum/coal product used as an ingredient in making the asphalt was not taxed, therefore the local government would not be entitled to receive a grant in relation to these non-combusted products. Consequently, only the fuel that is combusted would be recorded, and not the petroleum/coal products that were used as raw material for the asphalt.

Resale of Fuel and/or Recovery of Carbon tax

Local governments are only entitled to receive the CARIP grant in relation to fuel purchased directly by the local government for its own use. Costs recovered by resale or otherwise cannot be claimed. For example, heating costs of a building that is owned by the local government but recovered through a lease arrangement with a private sector entity are not eligible for a grant in relation to that fuel.

If a local government purchases fuel and pays tax on it, but then resells a portion of the fuel to another party, the local government would only be entitled to receive the CARIP grant in relation to the portion it used.

The one exception to this general rule is in relation to recoveries from another eligible local government. Where an eligible B.C. local government has a contractual/operating agreement with another eligible local government (i.e. both have signed the Charter), the local government that pays the tax directly can apply for reimbursement through the CARIP. For example, if a Regional District (RD) pays the tax and then bills the service participants, it would be up to the RD to net out the carbon tax from the billing to the participants. As long as the RD does not charge service participants for the carbon tax costs, and as long as records demonstrating this are kept (including the names of the service participants), the RD could apply for the CARIP grant for the carbon tax it has paid directly.

Good Points to Remember

- **Calculating Bio-Diesel.** Most biodiesel products are blends of biodiesel and conventional hydrocarbon-based diesel. Therefore, the taxes must be prorated by the portions of biodiesel and diesel fuel in your calculation. For example, if you purchase 10,000 litres of B10 biodiesel fuel which consists of 1,000 litres of pure biodiesel (i.e., 10%) and 9,000 litres of taxable diesel, include the taxable diesel on the diesel line (i.e., 9,000 litres) and the bio-diesel portion (1,000 litres) of the blend on the bio-diesel line.
- **Employee Travel.** If B.C. local governments have a policy in place to calculate carbon tax incurred through employee travel, this policy may be used as long as the policy and fuel receipts are available for reference in case of audit. If no policy is in place, a sample policy that could be adopted is outlined below.

The National Joint Council of the Public Service of Canada establishes and periodically updates reimbursement rates for business use of personal vehicles.

<http://www.njc-cnm.gc.ca/directive/index.php?sid=97&lang=eng>

If you choose to adopt this policy (or any other policy), you must document it and keep a copy of this document with your records in case you are asked for supporting information in the event of an audit.

An [employee travel calculation form](#) has been developed to assist with the breakdown of tax paid.

- **Common Area Costs.** If local governments pay carbon tax on common areas as part of a lease agreement, arrangements should be made with the lesser of the space to determine the breakdown of the carbon tax paid. If such an arrangement cannot be made, the local government can calculate the carbon tax paid based on a reasonable formula as long as that formula is attested to by the Financial Officer and can be produced in case of audit.
- **Billing Cycle Issues at the End of the Year.** If B.C. local governments have not received a bill in time to include it in the CARIP application, the amount can be accrued and claimed the following year. Some local governments may choose to apply for CARIP on a December to November basis in order to avoid this issue. Please note that choosing to do so does *not* result in a change to the application/reporting deadlines.

For further information or questions, please call (250) 387-4060 or email infra@gov.bc.ca.

CARIP Public Reporting

Due to the diversity of B.C. local governments, it is recognized that the type and number of actions reported in the CARIP survey will vary between communities, and may vary from year to year for individual communities. The information collected on the climate change initiatives being undertaken by B.C. local governments will enable sharing of best practices and highlighting of local government progress on carbon neutrality and other climate actions. Local governments are requested, if feasible, to make the report available on their website to support openness, transparency and sharing of best practices.

Local governments that *do not* complete and submit, and make public their *2016 CARIP Climate Action/Carbon Neutral Progress Survey* report by June 1, 2017:

- **May not** be eligible for next year's CARIP grant;
- **Will not** be eligible for certain elements of the GCC's Climate Action Recognition Program; and,
- **Will not** be included in the annual CARIP Public Report Summary.

Purchasing Offsets

Local governments that intend to purchase offsets to be carbon neutral for 2016 must do so prior to making their *2016 CARIP Climate Action/Carbon Neutral Progress Survey* report public and no later than June 1, 2017. The *2016 CARIP Climate Action/Carbon Neutral Progress Survey* provides space to identify your local government's offset provider(s).

Instructions for completing the 2016 CARIP Climate Action/Carbon Neutral Progress Survey can be found [here](#).

Additional Resources

The [BC Climate Action Toolkit](#) (Toolkit) provides B.C. communities with the latest news, best practices and practical advice to help reduce greenhouse gas emissions and implement Charter commitments. The wide range of resources available on the Toolkit may also assist local governments to complete the 2016 CARIP Climate Action/Carbon Neutral Progress Survey by helping to generate more ideas for both corporate and community-wide climate actions. Particularly relevant Toolkit links include:

- [Carbon Neutral Local Government](#)
- [Community-wide action](#)
- [Community-wide measurement](#)

In addition, the Ministry's [CARIP web page](#) provides the following key climate action resources for the years 2015, 2014, 2013, 2012, 2011, and 2010:

- CARIP Public Report Summaries
- List of Community-wide Actions
- List of Corporate Actions

2017 CARIP Reporting Dates

ALL LOCAL GOVERNMENTS		
Form/Survey	Date	Recipient
Carbon Tax Calculation Form	June 1, 2017 	Submit to Province: infra@gov.bc.ca
Climate Action/Carbon Neutral Progress Survey		Complete & Submit to Province Online
Climate Action/Carbon Neutral Progress Public Report		Make Public
Climate Action/Carbon Neutral Progress Public Report Attestation Form		Complete, Sign, Scan & Submit to Province: infra@gov.bc.ca
Self Certification Business Process Checklist		Keep on file
Contracted Emissions Estimation Template (where estimation methodologies are used)		Make public
OPTION 1 OR 2 FOR GHG REDUCTION PROJECTS		
Form	Date	Recipient
Option 1 or 2 Reporting Templates	June 1, 2017	Make Public
USERS OF ALTERNATIVE GHG INVENTORY TOOLS		
Form	Date	Recipient
GHG Reporting Template	June 1, 2017	Submit to Province: irpd@gov.bc.ca