

INDUSTRY GRANTS PROGRAM

GLOBAL GAS INNOVATION CALL

ELIGIBLE EXPENSES AND COST INSTRUCTIONS



1. Introduction

1.1 Document Scope

The purpose of this document is to provide guidance and instruction on expenses eligible for the Project funded by the NGIF Accelerator for its Industry Grants Program (“IG Program”). Stipulations apply to anticipated expenses for inclusion in Project budgets at the Expression of Interest stage (Investment Intake Stage – Stage 1) and Investment Proposal stage (Evaluation Stage - Stage 2) and for expenses incurred during the lifetime of the funded project (Project Management Stage – Stage 3).

The quality of your submission is, in part, determined by the transparency of anticipated expenses associated with your project. Incomplete or incorrect information will negatively impact the project proposal.

Note: Questions about expense eligibility that are not fully addressed in this document can be sent to application@ngif.ca.

1.2 Background

The Industry Grants program is industry-led and funded and offers non-dilutive grants to fund early-stage startups for technology development and field demonstration. The program specifically de-risks pre-commercial technology solutions that have the potential to increase the environmental performance of the natural gas sector. Each project scope proposed in the program will have to accelerate the technology’s readiness level (TRL) progressions in its pathway to commercialization. The Industry Grants program is operated by the NGIF Accelerator.

Eligible expenses include costs for activities that are directly related to achieving the objectives of the Project for which the funding is sought. These are costs directly attributable to and necessary for the completion of the Project and are not wholly or partially for another purpose. All project-related payments must be documented through invoices, receipts, or records and are subject to verification through auditing. Evidence of payment must be maintained for audit purposes. NGIF Accelerator reserves the right to query any expense at any time. Costs incurred for elements not covered in this document are ineligible unless otherwise approved by NGIF Accelerator in advance of incurring the expense. The final determination of eligibility of expenditures rests with NGIF Accelerator. Costs incurred for a project prior to communication of the grant’s approval are deemed ineligible.

2. Eligible Expenses

The recipient shall use the funds solely towards the following categories of eligible expenses, provided they achieve their milestones and deliverables, subject to the limits and conditions set out below.

Direct Expenses

Eligible expenses related to salaries and benefits, fixed assets and consumables, materials and supplies, and travel and accommodation are detailed next.

2.1 Salaries & Benefits

Eligible Expenses	Ineligible Expenses
<ul style="list-style-type: none"> ✓ Only the actual, direct salaries of personnel, permanent or temporary, hired to carry out the Project, including fees paid to individuals engaged on employment contracts. Salary rates must correspond to the base salary rate only. ✓ Actual benefit expenses of permanent full-time employees including Employment Insurance, Canada Pension Plan, medical and vacation pay to a limit of 20% of the base salary. ✓ Hiring of Contractor for the Project (“Contractor”) – rates charged by Contractor to the project. The Contractor must document the hourly or daily rate charged and the number of hours or days worked on their invoice submitted to the Project. ✓ All labour costs (whether salaried or contracted) for carrying out project activities. This must be supported by activity-based time sheets enabling verification of the activities conducted using the resource’s time charged to the Project. 	<ul style="list-style-type: none"> ⊗ Salaries cannot include any commission, bonus or pay-for-performance component. ⊗ Costs related to the development of Expression of Interest and Investment Proposal (including staff, consultant, etc.).

Additional Limits & Conditions:

- ✓ Salaries and wages expenditures may only be claimed in proportion to the amount of time spent working directly on the Project, and the recipient is required to maintain timesheets or appropriate records for all employees working directly on the Project.

- ✓ NGIF Accelerator reserves the right to limit any Contractor payments should they appear to be excessive or lack sufficient supporting documentation, including the overhead or fringe rates charged by the Contractor.
- ✓ Expenditures that are not included in the applicant's Investment Proposal will not be considered eligible expenses unless approved by NGIF Accelerator.

2.2 Fixed Assets and Consumables

Eligible Expenses	Ineligible Expenses
<ul style="list-style-type: none"> ✓ Depreciation on fixed assets used exclusively for the Project, and for the period of the Project, as per generally accepted accounting principles (GAAP), is an eligible expense. All assets to be purchased must be itemized at the time of submission of the Investment Proposal during Stage 2. Any unidentified capital asset to be purchased during the Project must be approved by NGIF Accelerator prior to the purchase. The useful life of the asset and the method of depreciation must be specified. ✓ Land Costs associated with leasing of land may be eligible; however, all leasing costs must be directly associated with the Project, must be justified, and will be reviewed by NGIF Accelerator. ✓ Consumables Consumables (e.g., industrial gases, construction or laboratory supplies) used during the course of the Project. These must be documented. 	<ul style="list-style-type: none"> ⊗ Unidentified capital assets in the Investment Proposal during Stage 2 are also not approved by NGIF Accelerator during project execution. ⊗ Land - costs associated with the purchase of land. ⊗ Unidentified material and supplies, consumables at the Investment Proposal stage and also not approved by NGIF Accelerator during project execution.

Additional Limits & Conditions:

Expenditures that are not included in applicant's Investment Proposal will not be considered eligible expenses unless approved by NGIF Accelerator.

2.3 Material And Supplies

Eligible Expenses	Ineligible Expenses
<p>✓ Materials and Supplies</p> <p>Materials and supplies used to carry out the proposed Project work may include raw materials, tools, and software; they should be indicated in the budget at the time of application. Expenditures in this category that are not included in the Investment Proposal during Stage 2 must be approved by NGIF Accelerator or their designated representative.</p>	<p>⊗ Unidentified material and supplies at Investment Proposal during Stage 2 are not approved by NGIF Accelerator during project execution.</p>

Additional Limits & Conditions:

Expenditures that are not included in the applicant's Investment Proposal will not be considered eligible expenses unless approved by NGIF Accelerator.

2.4 Travel & Accommodations

Eligible Expenses	Ineligible Expenses
<ul style="list-style-type: none"> ✓ Air Travel: Only economy airfares. ✓ Vehicle Travel: <ul style="list-style-type: none"> • Private and Company-owned vehicles <ul style="list-style-type: none"> ○ “Vehicle allowance” is applicable for private and company-owned vehicles used for travelling on project business. It covers associated fuel and maintenance expenses for the vehicle. Allowances can be claimed to the Project – refer www.canada.ca for personal automobile use allowance rate. ○ The vehicle allowance for private and company-owned vehicles driven to a departure location (i.e., airport or train terminal) and picked up upon return. When travel mileage exceeds the cost of a vehicle rental, the person travelling should travel by rental vehicle. ○ Parking - Only receipted parking charges for privately owned vehicles used for approved Project business. • Insurance - Project recipients are responsible for obtaining and maintaining adequate insurance coverage for using their private vehicles for business purposes. • Vehicle Rentals <ul style="list-style-type: none"> ○ Recipients are required to use rental vehicles where they represent a lower-cost alternative to the use of private vehicles. Recipients must ensure that adequate insurance coverage is in place when using rental vehicles. Recipients must obtain a competitive rate for vehicle rentals; only compact or mid-size rates are eligible expenses, subject to usage requirements, as defined in the funded project proposal and work plan. ○ Parking - only receipted parking charges for rental vehicles used for approved Project business. 	<ul style="list-style-type: none"> ⊗ Change and cancellation fees for air travel unless the cancellation is on request from NGIF Accelerator. ⊗ On-going vehicle allowance for rental or leased vehicle. ⊗ Parking fines, traffic violation fines (including photo radar), and impoundment/ towing fees when driving a company, leased, rented or personal vehicle on approved project business. ⊗ No show and cancellation charges for hotel cancellations unless the cancellation is on request from NGIF Accelerator. ⊗ Meals received at public expense or without charge. ⊗ Expenditures for which receipts are not available.

- Taxi - Claims for taxis while travelling on Project business will be reimbursed at cost when other more economical means of transportation are either unavailable or unsuitable.
- ✓ For all project recipients and all types of vehicles, toll charges for travel on approved project business.
- ✓ Other Travel Expenses (Meals, Accommodation):
Reasonable out-of-pocket expenses incurred while performing work directly related to the approved project are eligible. All expenses are to be supported by receipts, and all travel expenses incurred must be consistent with the Project work plan and budget schedules.
- Hotel Cancellation - Project Recipients are responsible for cancelling hotel reservations in time to avoid penalties as per the hotel's Cancellation Policy, i.e., "no show" or cancellation charges.
- Meals - Meal and allowances must be consistent with those provided by the provincially regulated authorities in the project location. Refer www.canada.ca for meal and allowance rate. Supporting receipts are not required.
- Gratuities - Tips and gratuities are part of per diem allowances.

Additional Limits & Conditions:

Any exceptions must be approved in advance and in writing by NGIF Accelerator. All project recipients claiming travel and accommodation expenses must maintain detailed, comprehensive records for review by NGIF Accelerator. Attached to each record must be an original or a copy of/scanned receipts for the associated expenses claimed. Only expenses where a receipt is attached will be considered eligible.

2.5 Indirect And Administrative Expenses

Eligible Expenses	Ineligible Expenses
<p>✓ Administrative / Overhead Expenses: Overheads which are directly related to the Project are chargeable to the Project. Examples of normal company overhead charges may include, but are not limited to, the following:</p> <ul style="list-style-type: none"> • Administrative salaries for project-related activities • Office supplies related to the Project • Information technology charges directly related to the Project • Insurance (pro-rated to project activities and assets) • Utilities (pro-rated to project activities) <p>All expenses must be sufficiently detailed, itemized, and shown separately in budgets and later documented through invoices and general ledgers.</p> <p>NGIF Accelerator reserves the right to limit overhead payments should it deem appropriate.</p> <p>✓ Publications and Reports</p> <ul style="list-style-type: none"> • Expenses incurred in preparing progress reports for NGIF Accelerator are considered to be a part of the project. • Expenses for extension and publication of research results may be considered eligible as long as prior written approval is obtained from NGIF Accelerator. <p>✓ Attendance at a Conference: Expenses to a maximum of \$2,500 (\$5,000 for international conferences) for travel expenditures and attendance at conferences in the case where the Industry Grants Program recipient is a presenter and the information presented is directly related to the Project. If the conference has paid for any expenses related to travel, then the project recipient cannot also claim these amounts from NGIF Accelerator. Conference details and location must be documented in the budget at the time of submission and approved by NGIF Accelerator. A summary report of conference findings/results should be provided.</p> <p>✓ Non-recoverable taxes paid on eligible project expenses.</p>	<ul style="list-style-type: none"> ⊗ Foreign Currency Risk: NGIF Accelerator will not be liable or take responsibility for any foreign currency risk. Any project cost or funding changes as a result of foreign currency fluctuations are to be borne solely by the Recipient. Any recipient operating in a foreign jurisdiction must make appropriate provisions to manage the risk of foreign currency fluctuations during the project period. ⊗ Expenses with respect to entertainment, such as movies, liquor, etc. ⊗ Expenses of advertising, travel, or other expenses associated with hiring new personnel for a project. ⊗ Product marketing. ⊗ Subscriptions to magazines, journals and other publications. ⊗ Tuition fees and membership fees. ⊗ Protection of Intellectual Property: Expenses associated with protecting a project's results, e.g., patenting, licensing, copywriting, etc. ⊗ Conference - In case the conference has paid for any expenses related to travel, then the project recipient cannot claim these amounts from NGIF Accelerator. ⊗ Any costs incurred to obtain approval from any regulatory body in order to commence, execute or complete a project are not eligible.

Additional Limits & Conditions:

Any exceptions must be approved in advance and in writing by NGIF Accelerator.

Other Assigned Expenditures and Revenues – On Successful Selection for Funding

2.6 Cost Of Greenhouse Gas (GHG) Reduction Verification

The applicant must appropriately budget as an eligible cost associated with the activities related to GHG reduction verification by a third party pre-approved by NGIF Accelerator. The applicant must note that the GHG reduction verification related to the Project will take place right after the funding approval. The Applicant will be required to update their GHG reduction results on a yearly basis until the completion of the Project and 2 years after the completion of project.

Upon successful progress through Stage 1, applicants must complete and fill GHG quantification template during Stage 2 of NGIF Accelerator Industry Grants Program's evaluation process. Quantifying GHG reductions and environmental benefits by the Applicant in Stage 1 and Stage 2 is not an eligible cost for NGIF Accelerator.

2.7 Revenue Generation Activities

Applicants must ensure that sufficient financing is in place to carry out the entire Project without relying on revenue potential from project activities. If revenue is likely to be generated from project activities/assets, the applicant should note this in the NGIF Accelerator Investment Proposal and include the assumptions for the unconfirmed amount.

