Department of Natural Resources

**Cyber Security and Critical Energy Infrastructure Program**

Applicant’s Guide

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 **Natural Resources Ressources naturelles**

 **Canada Canada**

Table of Contents

[1 Disclaimer 1](#_Toc1455736)

[2 Definitions 1](#_Toc1455737)

[3 Program Description and Background 1](#_Toc1455738)

[4 Program Objective 2](#_Toc1455739)

[5 Expected Outcomes 2](#_Toc1455740)

[6 Application Process 3](#_Toc1455741)

[6.1 Evaluation Process 3](#_Toc1455742)

[6.2 Contribution Agreement Negotiation 3](#_Toc1455743)

[6.3 Service Standards 4](#_Toc1455744)

[6.4 Program Inquiries 4](#_Toc1455745)

[6.5 Other Funding Programs 4](#_Toc1455746)

[7 Eligible Recipients 4](#_Toc1455747)

[8 Eligible Activities 5](#_Toc1455748)

[9 Funding 5](#_Toc1455749)

[9.1 Timeframe for Funding 5](#_Toc1455750)

[9.2 Funding Limits 5](#_Toc1455751)

[9.3 Stacking Limit 5](#_Toc1455752)

[9.4 Audits 6](#_Toc1455753)

[9.5 Eligible Expenditures and Non-permissible Costs 6](#_Toc1455754)

[10 Reporting Requirements 7](#_Toc1455755)

[11 Basis and Timing of Payment 7](#_Toc1455756)

[12 Intellectual Property 8](#_Toc1455757)

[13 Other Conditions 8](#_Toc1455758)

[14 Confidentiality and Security of Information 9](#_Toc1455759)

# Disclaimer

**Natural Resources Canada (NRCan) reserves the right to alter or cancel any call for proposal, funding amounts and/or deadlines associated with any program component, or to cancel any application process at its sole discretion. Any changes will be communicated to registered applicants via email.**

**Any costs incurred for Project Proposal are at the project applicant’s own risk. In all cases, any funding under any submission, review and assessment process will be contingent upon the execution of a contribution agreement.**

**Until a written contribution agreement is signed by both parties, no commitment or obligation exists on the part of NRCan to make a financial contribution to any project, including any expenditure incurred or paid prior to the signing of such contribution agreement.**

# Definitions

**“Contribution”** means funding provided by the Minister under the contribution agreement.

**“Eligible Expenditure Period”** means the period starting when the contribution agreement is signed and ending on the earlier of the Completion Date and the project End date in accordance with the terms and conditions of the contribution agreement.

**“Eligible Expenditures”** means any expenditures incurred by the proponent, as set out in Section 9.5, within the Eligible Expenditure Period in accordance with the terms and conditions of the contribution agreement.

**"Project"** means the project described and submitted by the proponent in the Project Proposal.

**“Proponent”** refers to a successful applicant that has entered into a contribution agreement with NRCan.

**“Stacking”** means the maximum limit of total Canadian government funding that is permitted under a contribution agreement for a project. Canadian government funding refers to funding from federal, provincial, territorial, and municipal governments for that activity.

**“Total Project Costs”** means the Contribution and other verifiable contributions either received or contributed by the proponent from the date when the contribution agreement is signed to the project completion date and directly attributable to the project**.**

# Program Description and Background

Strong cyber security is an essential element of Canadian innovation and prosperity. Individuals, governments, and businesses all want to have confidence in the cyber systems that underpin their daily lives. The Government of Canada (GC) is committed to defending Canada and Canadians against cyber threats and envisions a future in which all Canadians play an active role in shaping and sustaining Canada’s cyber resilience.

As illustrated in Budget 2018, the GC has made a significant push to prioritize cyber security. With investments of $507.7 million over five years, and $108.8 million per year ongoing to fund Canada’s new **National Cyber Security Strategy**, the GC has undertaken historic endeavours to strengthen Canada’s cyber security environment, while simultaneously creating a more cohesive cyber landscape for the federal government and its stakeholders and partners that span the diverse myriad of digital Canadian users.

In support of the new Strategy, **NRCan’s Cyber Security and Critical Energy Infrastructure** Program (CCEIP or Program) received $2.42 million over 5 years to enhance the cyber security and resilience of domestic and cross-border energy infrastructure.

Cyber threats to critical energy infrastructure in Canada are increasing with the automation and digitalization of industrial control systems used to control, monitor and report on industrial processes. Criminals and other malicious cyber threat actors take advantage of security gaps, low cyber security awareness, and technological developments in an effort to compromise these cyber systems.

NRCan contributes to the GC’s leadership role in promoting energy infrastructure security, as well as contributing to the reliability and resiliency of domestic and cross-border energy systems upon which Canadians and cross-sector Canadian businesses are dependant. In this capacity, NRCan will deliver this Program with a view to funding projects that enhance the security and resilience of domestic and cross-border energy infrastructure by strengthening the capability of the energy sector to prevent, prepare, respond to and recover from cyber threats.

The Program aims to encourage research and development, sharing of cyber security knowledge and expertise, and the development of standards, best practices and guidelines related to cyber threats to critical energy infrastructure.

NRCan will be responsible for any disbursement of funds, administration of contribution agreements with eligible recipients and Program monitoring and reporting. In delivering on this Program, NRCan will make an effort to engage with other government departments and agencies to ensure coordination, and avoid duplication, of cyber security-oriented grants and contributions initiatives. This includes Public Safety Canada; Innovation, Science, and Economic Development Canada; Defence, Research and Development Canada; the National Research Council; and the Communications Security Establishment.

# Program Objective

The objective of the Cybersecurity and Critical Energy Infrastructure Program is to enhance the resilience of domestic and cross-border energy infrastructure by strengthening the capability of the energy sector to **prevent**, **prepare**, **respond to** and **recover** from cyber threats.

# Expected Outcomes

Projects funded under the Program are expected to contribute to the following outcomes or impacts:

* Increased R&D activities that contribute to more secure and resilient domestic and cross-border energy infrastructure.
* Improved collective knowledge on cyber threats to domestic and cross-border energy infrastructure, including mitigation strategies.

# Application Process

The Program includes the following application stages:

(1) Submit a Project Proposal;

(2) Ensure eligibility;

(3) Evaluate proposals;

(4) Notify successful applicants;

(5) Negotiate agreement; and

(6) Approve funding and execute contribution agreement.

NRCan will make the final decision as to which projects will receive funding, and the level of support that will be available to each project.

An applicant may withdraw its proposal without penalty at any stage of the evaluation process, by notification in writing.

The submission and review process steps are further detailed below.

## Evaluation Process

NRCan will establish an Expert Review Committee comprised of representatives with relevant expertise to evaluate projects and make funding recommendations. Evaluations may be supported by technical assessments or third party reviews. NRCan officials, in accordance with delegated levels of authorities, while taking into account the recommendations of the Committee, will make the final project funding decisions.

Factors to be considered when assessing proposals will include:

* Demonstration of a direct and significant contribution to the Program expected results described in Section 5;
* The degree to which the proposed activities align with bilateral and domestic government objectives or activities that are complementary to these objectives;
* The value of the proposal in terms of costing and benefit to NRCan and the energy sector;
* Demonstration of management capability to successfully undertake the project;
* The leveraging of funding from other public and private sector sources; and
* Unless otherwise agreed to by NRCan, the parties will meet at a mutually agreeable time to review the proposal and discuss any outstanding detail or project specifics.

## Contribution Agreement Negotiation

Any funding under this entire submission, review and assessment process will be contingent upon the execution of a contribution agreement. **Until a written contribution agreement is signed by both parties, no commitment or obligation exists on the part of NRCan to make a financial contribution to any project, including any expenditure incurred or paid prior to the signing of such contribution agreement.**

Prior to signing contribution agreements, a recipient will be required **to disclose all anticipated sources of funding** (Canadian and non-Canadian) for the proposed project, including approved in-kind funding, and clearly identifying contributions from other Canadian government sources (federal, provincial/territorial, and municipal).

More information on NRCan contribution agreements will be made available to successful applicants following the proposal results notification*.*

##  Service Standards

NRCan maintains a suite of [service standards](https://www.nrcan.gc.ca/plans-performance-reports/195) on the expected timelines for each phase of program delivery.

## Program Inquiries

In order to ensure that all applicants have access to the same information and that there is a written response to every question, questions must be sent to the Program email: nrcan.cceip-pciee.rncan@canada.ca.

## Other Funding Programs

Proposals submitted under this Program may be shared with other government funding programs to which those proposals may be better suited, unless otherwise directed by Applicants in their Project Proposal submission.

# Eligible Recipients

Eligible recipients may include:

* Individuals and legal entities validly incorporated or registered in Canada, including: for-profit and not-for-profit organizations or companies; industry associations, academic institutions, research associations; and cyber security and critical infrastructure researchers and professionals.
* International recipients including not-for-profit organizations such as industry associations, agencies, research associations validly incorporated or registered abroad.
* Provincial, territorial, regional and municipal governments and their departments and agencies where applicable.

# Eligible Activities

Projects funded under the Program are intended to strengthen the capability of the energy sector to **prevent**, **prepare**, **respond to** and **recover** from cyber threats.

Activities eligible for support may include:

* **Research and Development:** Activities that contribute to more secure and resilient domestic and cross-border energy infrastructure, such as studies on interdependencies, supply chain management and emerging cyber security threats.
* **Sharing Knowledge and Expertise**: Activities that develop and strengthen collective knowledge with respect to addressing cyber threats to domestic and cross-border energy infrastructure, such as workshops, training and technical briefings.
* **Standards, Best Practices and Guidelines**: Activities that advance the development of standards, best practices and guidelines related to cyber security in the energy sector.

# Funding

## Timeframe for Funding

This Program expires on March 31, 2023.

**Any expenses incurred prior to signing a contribution agreement will not be counted towards Total Eligible Project Cost of the project** considered by the Program and should be excluded from the cost tables included in the Project Proposal (although they may be included as background and supporting information).

Until a written contribution agreement is signed by both parties, **no commitment or obligation exists on the part of NRCan to make a financial contribution to any project**, including any costs incurred or paid prior to the signing of such contribution agreement.

## Funding Limits

The average annual maximum funding permitted under this Program is $484,000. Funding levels are highest in Year 1 and decrease in each subsequent year.

Multi-year projects may be funded subject to Program criteria and cycles, and the duration of the Program’s Terms and Conditions.

## Stacking Limit

The maximum level of total Canadian government funding (municipal, provincial, territorial, regional and federal) will be 75% of total project costs for for-profit organizations and up to 100% for all other eligible recipients.

For-profit organizations are required to have a minimum of 25% of total project costs funded from non-Canadian government sources (municipal, provincial, territorial, regional and federal). This stacking limit must be respected when assistance is provided. In the event that actual Total Government Assistance to a recipient exceeds the eligible expenditures, NRCan will adjust its level of contribution (and seek reimbursement, if necessary) so that the stacking limit is not exceeded.

Upon completion of the project, the Proponent will be required to disclose all sources of funding on individual projects, including contributions from other federal, provincial/territorial, municipal and industry sources. Funding in excess of the stacking of assistance limit will be subject to recovery.

## Audits

Recipients may be audited one or several times either at project completion or at NRCan’s discretion during the project. Financial audits will be tied to financial compliance, and project performance assessments will be evaluated in relation to outcomes identified in the contribution agreement.

## Eligible Expenditures and Non-permissible Costs

**Eligible expenditures** for an approved project under the Program must be directly related to, and necessary for, the implementation and conduct of a project, and will include:

* Salaries and benefits for employees on the Proponent’s payroll, for actual time spent by the employees on the project;
* Reasonable travel costs, including meals and accommodation, based on National Joint Council Rates[[1]](#footnote-1);
* GST, PST or HST, net of any tax rebate to which the recipient is entitled.
* Other expenses including:
	+ Facility costs for seminars and workshops;
	+ Publication, printing, and other media services;
	+ Professional and technical services;
	+ Informatics software and hardware[[2]](#footnote-2);
	+ Data collection services, including processing, analysis and management; and
	+ Materials, field equipment and supplies;
* Overhead expenses, provided they are directly related to the conduct of the project and can be attributed to it. Overhead costs will be negotiated and agreed to on an individual basis with project proponents before signing a contribution agreement. They **will not exceed 15% of eligible expenditures**. Overhead expenditures may include:
	+ Routine laboratory and field equipment maintenance;
	+ Heat, hydro, and office operating costs (e.g. faxes, telephone).

Costs not allowed to be counted toward total project costs (**non-permissible costs**) will include:

* Salary bonuses and other salary incentives
* Land acquisition costs
* Legal costs
* Project Application preparation costs

# Reporting Requirements

Reporting requirements will be defined in the contribution agreement based on the **complexity**, **risk** and **duration of the project**, and will, at a minimum, include **semi-annual reports** that will:

* Provide a description of activities, including any issues/risks;
* Provide a financial report detailing the costs incurred and an updated budget by task;
* Identify progress made towards performance measures where applicable; and
* Identify any outstanding work components of the project to be completed.

The Program will provide templates to recipients to complete the semi-annual reports.

At the **end of the project**, recipients will provide the following:

* A financial report signed by the Chief Financial Officer or duly authorized officer of the organization that demonstrates how the contribution was spent, with a declaration as to the total amount of contributions or payments received from other sources in respect of the project;
* A copy of studies, research papers and technical papers that were produced as part of the project; and
* Final report to describe how project activities have contributed to the achievement of the objectives of the project and a final assessment of identified performance indicators to report on outcomes of the project.

Regular communication between NRCan and the recipients will be implemented to monitor progress.

# Basis and Timing of Payment

Contribution agreements will set out the required terms for payment, made upon receipt of proper documentation as defined in the contribution agreement.

Final payment will not be made until all project activities have been completed by the Proponent and are deemed acceptable to NRCan. To ensure proper oversight, a percentage of the contribution agreement will be withheld until all the conditions of the contribution agreement have been met. The percentage withheld will be determined based on the risk level of the project. The conditions to release the holdback will be stated in the contribution agreement.

Final contribution payment will not be made until all agreed-upon project activities have been completed by a recipient and are deemed acceptable to NRCan.

# Intellectual Property

All Intellectual Property that arises in the course of the contribution agreements shall vest in, or be licensed to the recipient. The recipient will grant Canada a non-exclusive, irrevocable, world-wide royalty-free license in perpetuity to use the data and information contained in reports and modify such reports and documents for non-commercial government purposes.

# Other Conditions

* No Member of the House of Commons shall be admitted to any share or part of the contribution agreements, or any resulting benefit.
* Applicants and Recipients will comply with the *Conflict of Interest Act*, the *Conflict of Interest and Post-Employment Code for Public Office Holders*.
* Funding may be cancelled or reduced in the event that departmental funding levels are reduced by Parliament. Agreements will include provisions to this effect.
* Recipients will be required to acknowledge the financial support of the Government of Canada in all public information produced as part of the project.
* Recipients will be required, where feasible, to **disseminate research results** to end-users, which **may** include:
* members of the Energy and Utilities Sector Network;
* Provincial and territorial government departments and agencies with responsibilities involving the safety, security, preparedness, response, and resilience of Canada’s Energy and Utilities Sector;
* members of the U.S. Energy Sector Government Coordinating Council (EGCC), the Electricity Subsector Coordinating Council (ESCC), and the Oil and Natural Gas Subsector Coordinating Council (ONG SCC);
* Canadian and U.S. private Energy and Utilities Sector companies; and
* academic institutions, research associations and cyber security and critical infrastructure researchers and professionals.

**Proponent must seek NRCan’s consent prior to disseminating Intellectual Property outside of Canada and the U.S. Failure to seek NRCan’s consent may result in termination of the contribution agreement.**

* Contribution agreements will include requirements for joint communications activities, such as public information products, news releases, public announcements, other joint events and official languages.

# Confidentiality and Security of Information

Paragraph 20(1) of the *Access to Information Act* prohibits a government institution, including NRCan, from disclosing any information – financial, commercial, scientific or technical - supplied by a project applicant to NRCan so long as the project applicant treats the information as confidential in its own establishment.

Accordingly, NRCan will protect the applicant’s confidential information in its possession to the same extent as the applicant protects said confidential information in its own establishment: if the applicant chooses to send the proposal or other confidential information to NRCan by e-mail, NRCan will respond to the proposal by e-mail. Similarly, if the applicant’s correspondence is through regular mail, NRCan’s response will be in like manner. However, in all cases, NRCan will use e-mail correspondence to the applicants for all non-confidential matters.

NRCan recognizes that e-mail is not a secure means of communication, and NRCan cannot guarantee the security of confidential information sent via e-mail while it is in transit. Nonetheless, applicants who regularly use e-mail to communicate confidential information within their own organizations may choose to submit their documentation packages by e-mail to: nrcan.cceip-pciee.rncan@canada.ca

For more information on this subject, please refer to Section 20 of the *Access to Information Act*.

1. <https://www.njc-cnm.gc.ca/s3/en> [↑](#footnote-ref-1)
2. Subject to additional review to determine if these expenses are eligible for reimbursement, and if so, to determine the maximum percentage for reimbursement allowed. [↑](#footnote-ref-2)