

# Saskatchewan Petroleum Innovation Incentive (SPII)



## Overview

The Saskatchewan Petroleum Innovation Incentive (SPII) offers transferable crown royalty and freehold production tax credits for qualified innovation commercialization projects at a rate of 25 per cent of eligible program costs. The program targets a broad range of innovations deployed across all segments of Saskatchewan's oil, gas, helium, or lithium industry, with respect to the following eligible activities:

- Improving oil, gas, helium, or lithium recovery;
- Managing adverse environmental impacts;
- Increasing value-added processing capacity; or
- Commercializing oil, gas, helium, or lithium production byproducts or waste products.

SPII program is open to both pilot projects and commercial scaling projects – giving applicants the ability to test their innovations in a pilot setting then deploy them at larger commercial scales. In addition, projects executed on multiple sites and projects that include multiple phases may be considered eligible to the program under a single project application.

The Ministry of Energy and Resources may recognize the second and third deployment of an innovation as eligible projects. These projects will be considered as eligible as long as they satisfy one of the following criteria:

- The project is being carried out in the same production area and is considered necessary in order to overcome substantial technical validation challenges or proof of concept challenges; or
- The project is being conducted in a different production area of the province and under different operating conditions that pose significant new technical challenges.

## Eligibility

1. Must be an eligible innovation:
  - a. A minimum "SPII Technology Readiness Level" of 7 is required.
  - b. Pilot – The innovation is the first-of-its-kind in Saskatchewan's oil, gas, helium, or lithium industry or is a significant advancement of the current state of the art in Saskatchewan's oil, gas, helium, or lithium industry.
  - c. Commercial Scaling – The innovation is being demonstrated on a significantly different commercial scale with no technical equivalent in Saskatchewan's oil, gas, helium, or lithium industry and poses significant new technical challenges.
2. Must be associated with an eligible activity.
3. Must include at least CAD\$1 million in eligible costs.
4. Must not be operational prior to applying.

## Program Highlights

- The credits are fully transferable; non-producers/non-royalty payers have the ability to transfer credits to oil, gas, and helium crown royalty and freehold production tax payers. Also, SPII encourages multi-company projects as costs can be incurred by a firm other than the principal applicant.
- SPII has a project-specific awarded credit cap of CAD \$5 million (i.e. a maximum of up to CAD\$20 million in recognized eligible costs per project).
- SPII can be used alongside other incentive and grant programs available in Saskatchewan.
- Costs incurred from January 1, 2018, onward, may be recognized as eligible.

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