

CLIMATE CHALLENGE FUND

Guidelines and Criteria

2025-2026



ENVIRONMENT, ENERGY AND CLIMATE ACTION

Climate Challenge Fund Guidelines and Criteria 2025-2026

Department of Environment, Energy and Climate Action

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1. Background

In 2020, the Government of Prince Edward Island established an annual Climate Challenge Fund (CC Fund). The CC Fund is intended to support developing innovative solutions to the threat of climate change.

The goal of the CC Fund is to empower people of different backgrounds, experiences, and expertise, who work across sectors and in different communities throughout the Island, to contribute to climate action in PEI. Projects supported by the CC Fund will contribute to climate action by adapting to the projected impacts of climate change, and/or reducing greenhouse gas emissions and increasing opportunities for sequestration¹.

The primary objectives of the CC Fund are to support projects that:

- foster the increased participation of Island-based companies, researchers, communities and/or community-based organizations in climate action;
- generate new knowledge and ideas with the strong potential to strengthen the Island response to climate impacts and/or strengthen or influence provincial public policy;
- maximize the number of people across the Island reached by the projects funded by this program; and
- eliminate systemic barriers to climate action.

To achieve this goal, the CC Fund will accept applications from:

- First Nations;
- Municipalities;
- Businesses;
- Academic Institutions;
- Organizations representing culturally diverse communities; and
- Not-For-Profit organizations doing projects in Prince Edward Island².

Proponents should be able to demonstrate how their project addresses a need or gap in current services or programs in their community(ies) related to climate action in PEI.

The Government of Prince Edward Island is committed to recognizing, respecting and safeguarding the rights of Black, Indigenous and People of Colour (BIPOC) communities and the need to address social and racial equity as a fundamental response to climate change. Priority will be given to initiatives that actively redress inequities and discrimination intensified by the negative impacts of climate change or that may remove an unfair barrier to climate action. This includes, but is not limited to, race, gender, sexual orientation, socio-economic status, ability, geographic location, income level, education level, first language, marital status, immigration status or other populations who will be disproportionately experience the negative impacts of climate change and face barriers to climate action.

2. Climate Challenge Working Group

A Climate Challenge Working Group (CCWG) has been established to evaluate proposals and make recommendations to the Minister on the fund recipients. Members of the CCWG will include staff from the Department of Environment, Energy and Climate Action. Staff from other government departments and/or members of external organizations may be consulted in the evaluation process on applications relevant to their area of experience and/or expertise.

¹ Carbon sequestration is the removal and storage of carbon dioxide from the atmosphere

² Not-for-profit organizations and businesses must be registered entities in order to enter into a Project Contribution Agreement, a requirement for receiving provincial funding.

3. Funding Contributions

The CC Fund will contribute funding of 50-90% of eligible expenditures, to a maximum of \$100,000 per project. The cost-share varies by type of organization as follows:

Applicant Type	Provincial CC Fund Share
Business	Up to 50%
Municipality; academic institution	Up to 70%
First Nation	Up to 90%
BIPOC community, organization or group	
Not-for-profit organizations	

Organizations will only be considered for one project per intake. Applicants who have received previous funding from the CC Fund or any other funding programs offered by the Department of Environment, Energy and Climate Action must be in good standing with their current agreement to be considered for additional funding. The CCWG may give preference to applicants who have not received previous funding.

Successful applicants may use in-kind resources, or other Federal or Provincial funds as their share of the eligible costs, subject to the stacking rules or policies inherent to other programs. Note that in-kind resources, such as volunteer human resources, must be tracked and documented for the financial reporting requirements of the program.

4. Project Eligibility

The CC Fund will support projects that align with the goals and objectives of the [NET ZERO FRAMEWORK](#) and the [BUILDING RESILIENCE: CLIMATE ADAPTATION PLAN](#).

All projects approved for 2025-26 funding must be completed by **March 31, 2027**.

Additional information on eligible and ineligible projects and expenditures is provided below.

1.1 Eligible Project Types

With the exception of the ineligible project types as listed in 4.2, the CCWG will consider projects that:

- Increase resilience through adaptation to a changing climate;
- Reduce greenhouse gas emissions;
- Increase opportunities for carbon sequestration (i.e., the removal and storage of carbon from the atmosphere) and storage of carbon on land or in aquatic ecosystems (i.e., blue carbon);
- Improve our understanding of climate change impacts, opportunities or solutions, including research and data collection;
- Promote public education, awareness, training or professional development related to climate change;
- Seek to actively redress inequities and discrimination intensified by the negative impacts of climate change or that may remove an unfair barrier to climate action; and/or
- Demonstrate an innovative or novel solution to address a challenge(s) associated with climate change.

Previous projects that have been funded through the CC Fund can be found here: <https://www.princeedwardisland.ca/en/information/environment-energy-and-climate-action/climate-challenge-fund-projects>.

1.2 Ineligible Project Types

The CC Fund will **not** consider the following types of projects (or components of projects):

- A new development or construction project (excluding that portion of the project which demonstrates innovative adaptation and/or mitigation techniques);
- Installation of hard infrastructure, including but not limited to traditional shoreline armouring;
- Purchase of vehicle(s);
- Repair or replacement of structures previously lost or damaged due to an extreme weather event (excluding that portion of the structure repaired or replaced in a manner which demonstrates adaptation from its previous state);
- Loss of income or asset value due to impacts of climate change or extreme weather events; or
- Projects that contravene any provincial legislation, including but not limited to the *Environmental Protection Act*, *Water Act*, *Building Codes Act*, and *Fire Prevention Act*.

The CC Fund is unable to consider projects that are eligible for funding through other provincial government programs, such as the:

- Active Transportation Fund (Department of Environment, Energy and Climate Action);
- PEI - 2 Billion Trees Planting Program; Hedgerow Planting Program; Forest Enhancement Program, Forested Landscape Priority Project (Department of Environment, Energy and Climate Action);
- Reception Centre Resiliency Fund; Community Revitalization / Rural Growth Program; PEI Fisheries Innovation Research Grants (Department of Fisheries, Tourism, Sport and Culture);
- Agriculture Resiliency Fund; Technology and Science Adoption Applied Research Sub-Program; Agriculture Energy Systems Pilot Program; Renewables in Agriculture / Solar Electric Rebate Program (Department of Agriculture);
- Live Well PEI Wellness Grant Program (Department of Health and Wellness);
- Fuel Station Resiliency Program (Department of Justice and Public Safety);
- Community Renewable Energy Generation Fund (PEI Energy Corp);
- Clean Tech Research and Innovation Fund (Department of Environment, Energy and Climate Action); and
- Business Energy Rebates; Solar Electric Rebate Program; Community Energy Solutions; and Heat Pump Initiative (efficiencyPEI).

If your project is found to be eligible for another source of funding, you will be directed to resubmit your application to the other program for evaluation prior to being considered by the CCWG. To avoid delays in your application review, if you have previously applied to another program and did not qualify for that program, or the costs of your project exceed what the other program's funding could support, this information should be included as part of your CC Fund application package.

1.3 *Eligible Expenditures*

Eligible expenditures deemed necessary to support the project may include but are not limited to:

- Human resource costs including salaries and benefits;
- Management and professional service costs, such as accounting, communications, design, planning services, language translation, audit charges, GHG emission reductions and energy savings estimate verification, and results monitoring, measuring and reporting;
- Material and supplies costs;
- Additional insurance premiums required to conduct the project;
- Printing, production, and distribution costs;
- Equipment and capital assets purchase or rental;
- Vehicle rental and operation costs;
- Overhead and/or administrative costs (applicable to project type), up to **five per cent** of a recipient's **total funding allocation**;
- Other costs necessary to support the purpose of the funding, as approved by the Minister of Environment, Energy and Climate Action; and
- Any GST/HST that is **not reimbursable** by Canada Revenue Agency and any PST not reimbursable by the Province.

1.4 *Ineligible Expenditures*

Ineligible costs include the following:

- Costs incurred prior to approval of the project or for cancelled projects;
- Costs incurred for regular maintenance of existing infrastructure and equipment;
- Land acquisition; leasing land, buildings and other facilities;
- Insurance premiums for main operations of the business;
- Leasing equipment other than equipment directly related to the construction of the project;
- Real estate fees and related costs;
- Financing charges, legal fees, and loan interest payments; and
- Provincial sales tax and goods and services tax/HST, for which the ultimate recipient is eligible for a rebate, and any other costs eligible for rebates.

5. Project Evaluation and Section Criteria

The CCWG will evaluate proposals and make recommendations to the Minister on the fund recipients.

The following evaluation criteria will guide the CCWG in ranking and prioritizing project applications and guide the approval of eligible projects.

Applicants will be categorized as mitigation-based (projects that reduce GHG emissions or sequester carbon) or adaptation-based projects (projects that build capacity and resilience), if possible, to ensure funding is equally distributed. However, some projects may truly be described as low-carbon resilience projects (projects that result in GHG reductions or sequestration and build climate change resilience). In this case, applicants can choose to categorize their project as both mitigation and adaptation.

Applicants with **mitigation-based projects** will be asked to describe how the project aligns with the six pillars of the [2040 Net Zero Framework](#), including:

1. Transform the Way People and Goods Move
2. Transition to Efficient and Cleaner Buildings
3. Shape Agriculture for PEI's Transition to Net Zero
4. Remove Carbon Through Forestry, Technologies and Emerging Opportunities
5. Create a Clean Industry and Waste Advantage
6. Inspire Transformational Change through Leadership and Engagement

Applicants with **adaptation-based projects** will be asked to describe how the project aligns with the six themes in the [***Building Resilience: Climate Adaptation Plan***](#), including:

1. Disaster Resilience and Response
2. Resilient Communities
3. Climate-Ready Industries
4. Mental Health and Well-being
5. Natural Habitat and Biodiversity
6. Knowledge and Capacity

Specifically, applicants will be asked to identify which **actions** of the Climate Adaptation Plan their project will advance.

Priority areas of focus for 2025-26 delivery of the CCF include emphasis on the following:

Mitigation/Net Zero:

- Clean transition of aquaculture and fisheries;
- Engagement, outreach, and climate literacy on the themes of climate and energy; and
- Research and analysis related to zero emission vehicle fleet conversion.

Adaptation:

- Building community resilience to extreme heat (Action 17) or storm preparedness (Action 1), including emphasis on low-income and rental housing (Action 9);
- Adaptation in climate-sensitive industries (Action 13), including:
 - on-farm climate action assessments or adoption of climate smart agricultural practices;
 - commodity-specific climate action planning;
 - climate adaptation approaches in the fisheries/aquaculture sector; and
 - tourism sector climate risk assessments
- Understanding the effectiveness of nature-based solutions (Action 22);
- Children- and youth-focused climate action initiatives (Action 26).

Applicants with low-carbon resilience projects will be asked to describe how the project aligns with both the Climate Adaptation Plan and the 2040 Net Zero Framework.

Following evaluation by the CCWG, proposals will be recommended to the Minister for a final decision on funding. Incomplete applications will not be considered by the CCWG. The following is a breakdown of the relative weighting across evaluation criteria for proposals: *

WEIGHT	EVALUATION CRITERIA
	<p>1. Contact Information and Administration</p> <ul style="list-style-type: none"> This section must be completed in full for the applicant organization. Businesses and not-for profit organizations must include their registration number to confirm their status and eligibility to enter into a Project Contribution Agreement should their application be successful.
Eligible / ineligible for the CC Fund	<p>2. Project Information:</p> <ul style="list-style-type: none"> Provide a name for your project. Select a category for your type of project: Mitigation, Adaptation or Low-Carbon Resilience. Briefly describe the proposed project. Describe the main project tasks / phases of the project, how you plan to complete the work, the project team members and organizations involved, and describe the goal/final outcome of the project. Additional information is required if your project is site specific or if the project involves a building structure.
40%	<p>3. Project Objectives:</p> <ul style="list-style-type: none"> Describe how the project aligns with one or more of the pillars of the 2040 Net Zero Framework and/or the actions in the Climate Adaptation Plan. Describe how the project fills a need or gap in current programs and services, and if applicable the potential consequences of inaction (i.e., what will or could happen if this action is not taken?). Describe the lasting value and impacts that will result from your project. Projects that fall within areas of priority for 2025-26 noted on p. 8 of these Guidelines may be favored.
40%	<p>4. Collaboration, Community Engagement and Equity:</p> <ul style="list-style-type: none"> Describe the communications plan for the project, and how the project will influence others to take climate action or contribute to building capacity or learning opportunities. Describe how the project addresses inequities and discrimination intensified by the impacts of climate change and/or how the project may remove unfair barriers to climate action. Describe how you have or will engage the people or communities the project intends to support. Please indicate whether your project is supported by the community groups, organizations, municipalities, etc. who have been identified as partners or participants in your previous answer. Describe how the support is demonstrated (e.g., letter of endorsement, existing or developing relationships, past experiences of partnership, meetings).
10%	<p>5. Organization Capacity and Experience:</p> <ul style="list-style-type: none"> Please describe your organization’s mandate or past work experience in the project topic area. If your organization (or partner organization) has received previous funding from the Department of Environment, Energy and Climate Action, the status of your previous project(s) will contribute to the score of your organization’s capacity and reliability. The CCWG may give preference to applicants who have not received previous funding.

10%	<p>6. Project Timeline and Budget:</p> <ul style="list-style-type: none"> • Provide a summary of the project timeline and budget within the online Application Form. • The CCF Timeline and Budget Worksheet (formats available in .xls, and .xlsx) is provided for you to complete and upload with your application form. • On the <i>Activities and Timeline Worksheet</i>, describe the activities of the project, their time-lines and the relevant milestones or deliverables of each (i.e. how will you know when the activity is complete). • On the <i>Project Budget Worksheet</i>, provide a detailed budget and any additional information (as applicable) on other sources of funding and how you intend to secure your share of the project costs.
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6. Application Submission Instructions

If you require any assistance to complete the online CCF application, please contact us at ClimateChallenge@gov.pe.ca, and we would be happy to assist you.

Applications can be submitted online at [Apply to the Climate Challenge Fund](#) or by email to ClimateChallenge@gov.pe.ca. **Proponents should review the information in this section to ensure that they have the necessary project information to complete the online application.**

Please note that the [CCF Timeline and Budget Worksheet](#) is a separate file that you will need to complete and submit as an attachment to your application. The worksheet can be downloaded in Microsoft Excel (.xlsx) format.

Complete applications must be received by 11:59 p.m. on December 2, 2024.

There are six sections on the application form.

Section 1: Contact Information and Administration (Required information)

- a) Identify the organization(s) and/or department(s) seeking the funding request. Please note that different departments within a single organization (i.e., different departments within an academic institution) may be treated as unique applicants. You must also provide contact information for the individual who will be the point person on the project, including name, mailing address, phone and email. Other required information includes the type of organization and registration number for businesses and not-for-profit organizations, to confirm their status and eligibility to enter into a Project Contribution Agreement should their application be successful.

Section 2: Project Information (Required information, to determine eligibility for the CC Fund)

- a) Your project title is how your application and project will be referred to going forward. The title should describe the proposed project in a clear, concise statement. It does not need to include your organization's name.
- b) Provide a clear and accurate description of the proposed project, in a brief format (maximum 100 words). Please note that the brief description will be used in future press releases and promotions should your application be successful.
- c) Select the category in which you would like your project considered. Mitigation refers to projects that will contribute to a reduction in greenhouse gas emissions and/or carbon sequestration. Adaptation

refers to building capacity and resilience, and being better prepared for the impacts of a changing climate. Low-Carbon Resilience refers to projects that both reduce greenhouse gas emissions and build capacity and resilience to prepare for the impacts of climate change.

- d) Describe the main project tasks or phases; an overview of how you plan to complete the work; project team members and organizations involved; and a description of the goals or final outcome of the work.
- e) For site specific projects, please provide the civic address or PID for the property(s), and community of the project site. (Required information if applicable).
- f) Projects involving a change of use, retrofit or new construction of a building structure, will be subject to review by provincial and/or municipal building inspectors, and/or the fire marshal's office (as applicable). Please submit the necessary information (i.e., permits; letters; certificates) to confirm that the project has received all necessary approvals and is in compliance with building and development related bylaws and regulations, and/or has provincial/municipal authorization, as applicable. Due to the limited time for project completion, projects that do not yet have necessary approvals (i.e., a building permit) will not be considered for the current round of applications. (Required information if applicable).

Section 3: Project Objectives

- a) Identify which pillars or themes of the [2040 Net Zero Framework](#) or [Building Resilience: Climate Adaptation Plan](#) your project aligns with, and describe how the project will contribute to meeting the provincial goals and objectives. Many projects will align with more than one objective, you should describe those that are most applicable to your project (maximum 100 words/objective).
- b) Describe how the project fills a need or gap in current programs and services related to climate action, and if applicable the potential consequences of inaction (i.e., what will or could happen if this action is not taken)? (maximum 200 words).
- c) Describe the lasting value and impacts that will result from your project. (maximum 200 words)
- d) Projects that fall within areas of priority for 2025-26 noted on p. 8 of these Guidelines may be favored.

Section 4. Collaboration, Community Engagement and Equity

- a) Describe the communications plan for the project, and how your project will influence others to take climate action, or contribute to building capacity or learning opportunities. Note that successful applicants will be required to prepare a communications plan, to ensure all projects contribute to further learning opportunities. (maximum 200 words).
- b) Describe how your project addresses inequities and discrimination intensified by the negative impacts of climate change and/or how the project may remove unfair barriers to climate action. (maximum 200 words).
- c) Describe how the project will **involve** or **engage** the people or community(ies) it intends to support. For example, their involvement may be in a leadership role, in decision-making or through stakeholder engagement sessions, in the implementation of the work, and/or as a beneficiary of the project outcomes (maximum 200 words).

- d) If you have identified First Nations, community groups, organizations or municipalities as potential partners or participants in your project in your previous answer, please indicate whether your project is **supported** by the partner or participant. Describe how the support is demonstrated (e.g., letter of endorsement, existing or developing relationships, past experiences of partnership, meetings).

Section 5. Organization Capacity and Experience

- a. Provide a short description of your organization's mandate, or past work experience in your project topic area. This description is intended to demonstrate that your organization or project team has the necessary resources and experience to complete the project as proposed. If additional information on your organization or project team is publicly available, please feel free to provide links to additional online resources (maximum 200 words).

Please note that if your organization has received previous funding from the Department of Environment, Energy and Climate Action, the status of your previous project(s) will contribute to the evaluation of your organization's capacity and reliability.

The CCWG may give preference to applicants who have not received previous funding.

Section 6: Timeline and Budget

Details relating to your proposed timeline and budget are to be submitted on the worksheets provided. The file is called **CCF Timeline and Budget Worksheets** and it can be downloaded in Microsoft Excel (.xls or .xlsx) format. The file contains four tabs as follows:

- a) Instructions to complete the worksheets is provided on the first tab in the workbook.
- b) *Activities and Timeline*. Provide a list of key activities in the project in sequence, including an estimated timeline and the relevant milestones or deliverables of each. Activities are the steps that will be taken to carry out the project. Activities should be specific, measurable, realistic and relevant. The activities should be provided in a list format. Any further descriptions required should be included in the detailed project description portion of the Application. The overall project timeline must show completion on or before March 31, 2027.
- c) *Project Budget*. To complete the *Project Budget Worksheet* fill in the appropriate information. Instructions are provided on the worksheet. You will be asked to confirm if your share of the total project cost has been secured. You must identify all project funding sources. For each contribution please provide the name of the contributor (i.e. Federal Government) or more specifically, the funding program name, if applicable. The project budget should be shown as per the government's fiscal year (April 1 - March 31).
- d) A sample budget. (For reference only)

Note that a summary of the budget must also be included in the application form. This summary will include the total eligible expenses, the total cost of the project, and the amount requested from the Climate Challenge Fund. Please ensure that these values match that of the detailed budget submitted on the worksheet.

7. Payment Process

In order to receive funding all applicants must enter into a Contribution Agreement with the Province and complete a Payee Registration Form. To obtain a sample Contribution Agreement contact the CCWG at ClimateChallenge@gov.pe.ca.

Successful applicants will have **three (3) months** after the date of the Letter of Conditional Approval to sign the Contribution Agreement. After this time, the offer will expire and the award funds may be reallocated.

A 50% initial payment will be made on full execution of the Contribution Agreement and supporting documents. The remaining funds will be dispersed based on the receipt of deliverables as agreed upon in the funding agreement.

In the event that a project is completed under budget, the CC Fund will cover only the eligible expenses incurred. The CC Fund will not cover any cost overruns and it will be up to the recipient to complete the project in a responsible and timely manner.

If the recipient fails to complete the project as originally approved, or abandons the project prior to completion, the recipient will be required to repay all of the funding granted back to the Province.



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