



Australian Government

Australian Renewable Energy Agency

ARENA

Accelerated Step Change Initiative

Information Manual

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1. Overview

1.1 Purpose

The purpose of the Accelerated Step Change Initiative Information Manual (the Manual) is to explain, clarify and expand upon the requirements for the Accelerated Step Change Initiative (ASCI) set out in the Accelerated Step Change Initiative Administrative Guidelines (the Guidelines). This document provides guidance to potential applicants wishing to apply for funding from the initiative and establishes the policies and practices to be adopted by ARENA in the administration of the initiative.

The Manual may be revised and reissued at ARENA's absolute discretion, in which case a revised version will be placed on the ARENA website at: www.arena.gov.au

The Guidelines set out the initiative's governance and administrative arrangements on which the Manual is based, and should be read in conjunction with this document. In the event of any inconsistency between the Manual and the Guidelines, the Guidelines will prevail.

In the Manual, a word takes its common meaning unless defined in section 7 – Glossary.

Potential applicants should be aware that it is their responsibility to inform themselves of the requirements, conditions and criteria for funding from the initiative, including the requirements and guidance contained in the Manual.

1.2 Introduction

The Australian Renewable Energy Agency (ARENA) was established on 1 July 2012 under the *Australian Renewable Energy Agency Act 2011* (ARENA Act) with a remit to improve the competitiveness and increase the supply of renewable energy in Australia. To better define how ARENA might achieve these legislated objectives, ARENA develops a General Funding Strategy for each three year period and is the basis on which financial assistance is provided by ARENA. ARENA also develops a set of initiatives and programs, detailed in its Investment Plan, outlining activities it proposes to undertake in any three year period to achieve its objectives.

Notwithstanding, the ARENA legislation provides a broad framework for the performance of its functions. ARENA has significant discretion in the mechanisms and processes it can use to provide financial assistance. Flexibility of approach is necessary to ensure that ARENA is able to maximise the value of its investments and their contribution to the development of the Australian Renewable Energy industry as a whole.

ARENA needs to be adaptable but accountable in the way it responds to the fast pace of change and dynamic nature of the Australian renewable energy industry. It also requires the ability to collaborate with strategic partners (especially other Commonwealth bodies) in order to maximise the leverage and impact of the assistance it provides.

Given this, and the finite resources available to ARENA, ARENA will not always have initiatives and programs in place that allow it to take advantage of every high value opportunity. To address this issue, and by establishing and conducting this Initiative, ARENA wishes to be able to provide a transparent mechanism to provide financial assistance and support for exceptional (high merit) opportunities that might arise or that ARENA might seek out, where those opportunities are not fully captured by, or identified in, other initiatives or programs under its Investment Plan.

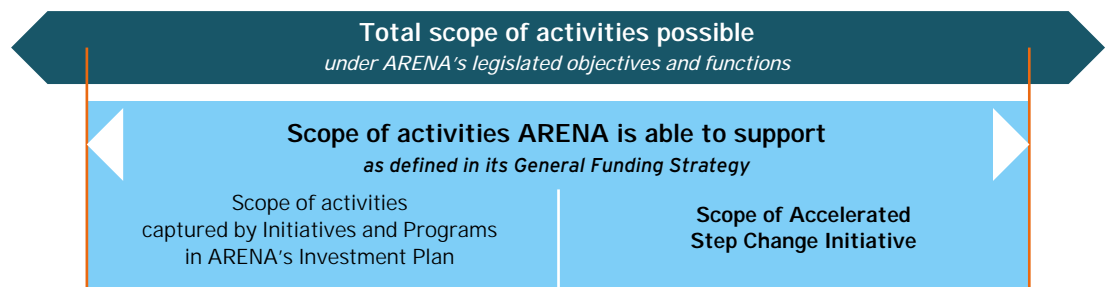
The activities to be considered by the Accelerated Step Change Initiative (ASCI) will be, by definition, diverse and generally non-comparable. Merit assessments of proposals will therefore need to be undertaken on a case-by-case basis. As such, ARENA recognises that the administration of this initiative will involve a considerable element of judgement by ARENA. ARENA will need to be satisfied that an activity funded through this initiative will make a strong

contribution to its portfolio (in terms of both impact and fit). The flexible design of ASCI therefore seeks to provide ARENA with an ability to seize presently unforeseen opportunities of significance that may arise, appropriately balanced against the need for proper rigour and accountability to be applied in considering what, if any, opportunities will be seized. ARENA's current portfolio of projects are listed on ARENA's website.

1.3 Objective of ASCI

The objectives of the Accelerated Step Change Initiative are as follows.

1. To allow ARENA to capitalise on exceptional opportunities that are consistent with its General Funding Strategy, but are not captured through ARENA's existing suite of Initiatives and Programs, as detailed in its Investment Plan. The nature of the opportunities that ARENA seeks to capture through ASCI, are those that have the potential to make a significant, measurable and strategic contribution to ARENA's delivery of the main object of the ARENA Act (s.3). Conceptually the scope of ASCI's activities is identified below.
2. To develop and share knowledge and experience in the demonstration, deployment and commercialisation of renewable energy.



1.4 Outcomes of ASCI

It is expected that projects and initiatives funded through ASCI will contribute to some or all of the following outcomes:

- improved delivery of ARENA's General Funding Strategy including through more timely responsiveness to rapid industry developments and unique or time critical opportunities
- enhanced partnerships with other commonwealth and state and territory initiatives complementary to ARENA's objectives and General Funding Strategy (e.g. Clean Energy Finance Corporation)
- a broader ARENA portfolio of projects
- the sharing of robust information and data from a variety of projects to inform broader industry adoption of renewable energy
- funding for a target of around six projects above \$20 million each.

Documentation for ASCI is available on the ARENA website.

1.5 Accelerated Step Change Initiative

The Manual applies only to ASCI. ARENA may take a portfolio approach to selecting projects for funding, that is, it may consider how a project will either uniquely contribute to initiative outcomes, or as part of a suite of complementary projects. ARENA may choose not to fund otherwise meritorious projects that would provide essentially the same outcomes as projects that have already been funded. ARENA's current portfolio of projects is listed on ARENA's website.

1.6 Program Funding Model

*Guidelines
sections 1.13 – 1.17*

ASCI has no maximum funding allocation but is constrained by the limit of available funds. Any funds required by ASCI will be drawn from other ARENA programs as required. The allocation of funds to ASCI projects will be at the sole discretion of ARENA.

Funding may be provided in a variety of forms of financial assistance at ARENA's discretion, consistent with ARENA's General Funding Strategy. ARENA may amend the scope of allowable financial support mechanisms at its discretion.

ARENA will enter into a Funding Agreement with a single lead party to receive funding for each project. Funding may be provided in the form of grants for capital expenditure, revenue support or other means as agreed by the ARENA Board in accordance with the ARENA Act.

ARENA will not consider projects that require an ARENA contribution below \$5 million. ARENA expects that the majority of its investments through this program will be in projects with an overall project cost above \$20 million.

ARENA requires that every project will include co-investment, cash or in-kind (or both), from sources other than ARENA or the Australian Government.

1.7 Contact

Applicants may clarify any questions about the program or the application process with ARENA as they prepare their proposals. ARENA can be contacted at:

Telephone: [\(02\) 6243 7054](tel:(02)62437054)
Email: proposals@arena.gov.au

Only responses from the email address proposals@arena.gov.au or published on the ARENA website at www.arena.gov.au will be regarded as definitive for the purposes of communication with applicants.

ARENA will endeavour to respond promptly to applicants' queries and may choose to provide the questions and answers to all people and organisations registered for ARENA program updates, without disclosing the source of any questions, or revealing confidential information.

2. Application and Assessment Process

2.1 Overview

Applicants to ASCI can apply for funding for projects. An applicant may also submit an application for more than one proposal and may participate in other proposals.

Applications are invited, and can be submitted, any time until 2018

The application process involves two steps:

- an initial expression of interest (EOI) stage (which may be waived at the sole discretion of ARENA)
- a full application stage.

The EOI stage involves submission of an EOI application in order for ARENA to determine the eligibility and potential merit of the proposed project. Applicants who have submitted successful EOIs will be invited to progress to the full application stage, where (upon submission of a full application) ARENA will assess whether or not a funding offer will be made.

During each stage, ARENA will assess the eligibility of applicants and their proposals against the eligibility criteria. Eligible EOI and full applications will then be assessed against the merit criteria. Ineligible EOIs and full applications will be deemed unsuccessful.

Following its assessment of an EOI or full application (as the case may be) against the merit criteria, ARENA may:

- in the case of an EOI, invite the applicant to progress to the full application stage
- in the case of a full application, offer successful applicants funding for their proposal.

Only EOIs and full applications that satisfy each merit criterion to a high standard will be invited to submit a full application, or be offered funding (as the case may be). The information required from applicants in the EOI step is less detailed than that required during the full application stage. The information required from applicants in a full application will require detailed evidence and documentation to describe and support the applicant's proposal and to support the applicant's claims against the eligibility and merit criteria.

2.2 Collaboration

ARENA may choose to facilitate collaboration between any applicants with similar or complementary applications or between applicants and other research institutions or funding bodies, to develop consortia to finance and carry out projects. Any such facilitation of collaboration, including the release of confidential information to another applicant or person, will be subject to the applicant's prior consent.

ARENA may seek to work with lead applicants, potential applicants and their partners to initiate or develop EOIs and funding applications in an open and flexible manner. ARENA may initiate collaborations between potential project proponents and/or funding partners with the consent of respective parties.

In the facilitation of collaboration by ARENA, ARENA is not responsible or liable for any comments, consultation or assistance provided by ARENA staff, and the opportunity must not be taken to imply that ARENA will invite the applicant to submit a full project application or that ARENA will offer funding for the collaborative project.

2.3 Submitting an Application

Applicants must submit their proposal using ARENANet, ARENA's grants management system, which is available on the ARENA website.

Before submitting an application, potential applicants should contact ARENA to discuss their proposal.

EOIs must include:

- a completed Budget and Funding Sources form, including an indicative budget and list of funding sources. The Budget and Funding Sources form is available on the ARENA website
- a Compliance Table identifying the general conditions in the Funding Agreement that the applicant does not accept, accepts in part or does not consider applicable to its project. This Compliance Table must also include reasons why the applicant does not accept, accepts in part or does not consider applicable the general conditions it identifies. A template for the Compliance Table is available on the ARENA website
- a Letter of Commitment affirming the use of the renewable energy generated by the project
- a proposed Project Plan of no more than 10 A4 pages in length, which includes an indicative timeline for the implementation of the project.

These are the only attachments allowed as part of an EOI. Any other attachments provided by applicants will be excluded from the assessment process and returned to the applicant.

Full applications are required to include the above documents, as well as:

- a detailed Project Plan
- a completed Budget and Funding Sources form, including a detailed budget and list of funding sources. The Budget and Funding Sources form is available on the ARENA website
- a Risk Management Plan
- a Knowledge Sharing Plan as per the requirements of section 4 of the Manual
- an Intellectual Property (IP) Management Plan that includes and identifies:
 - any third party background intellectual property, and measures that will be put in place to ensure continuing access to and protection of this intellectual property
 - the effect any external ownership of background intellectual property will have on ownership of intellectual property expected to be created by the project
 - any measures that may be needed to protect intellectual property created by the project
 - any licensing arrangement required.

If a full application is received by ARENA and does not include the documents listed above, ARENA may (in its absolute discretion) return the documents to the applicant without being assessed, or seek supplementary information or clarification from the applicant.

In preparing a full application, applicants should provide:

- data and any other information needed to substantiate claims made in the proposal
- details of any assumptions used in calculations
- information on the expected financial stability of the company for the duration of the project, including two years of financial information (if appropriate) and forward cash-flows for the duration of the project.

2.4 Eligibility Criteria

ARENA will assess the eligibility of applicants and their proposals against the following eligibility criteria when deciding whether an EOI or full application (as the case may be) should proceed to merit assessment:

- whether the applicant is an eligible applicant
- whether the project to which an application relates is an eligible project
- whether the application is complete, in the form required and contains sufficient and verifiable information to undertake a merit assessment.

*Guidelines
section 2.6-2.7*

Eligible Applicants

To be eligible for funding under ASCI an applicant must meet the following criteria:

- A. The applicant must be an entity able to contract with ARENA within its Constitutional Limits, as defined in the ARENA Act.*
- B. The applicant must not be named by the Workplace Gender Equality Agency as an organisation that has not complied with the Workplace Gender Equality Act 2012.*
- C. The applicant must be able to specify the expected total cost of the project, the amount of ARENA funding sought and include firm commitments for any funding to be provided by the applicant or third parties.*
- D. In the EOI the applicant must undertake to develop an agreement to share knowledge, including by having a Knowledge Sharing Plan as set out in section 4 of the Manual and submitting a completed Knowledge Sharing Plan as part of the full application.*

For the purposes of clarification, applicants that are not eligible to apply for funding under ASCI include:

- an individual, partnership or trust*
- or*
- a state and territory government (however a government-owned business incorporated under the Corporations Act 2001 is eligible).*

Eligible Projects

*Guidelines
sections 2.8–2.10*

To be eligible for funding under ASCI a project must meet the following eligibility criteria:

- A. The project must be consistent with the terms of ARENA's General Funding Strategy and ARENA's functions.*
- B. The project is in the demonstration, commercialisation or deployment phases of a renewable energy technology (including supporting activities).*
- C. The project must fall outside the scope of, or is/would be not well suited to, ARENA's existing suite of Initiatives and Programs, as detailed in its Investment Plan.*
- D. The project must require an ARENA contribution of \$5 million or more.*

If multiple projects are proposed to occur concurrently they may be able to be classified as a single project.

For the purposes of clarification, projects that are not eligible for funding under ASCI include projects that are at a research and development phase of a renewable energy technology or including a technology that has yet to be proven at pilot scale. Projects can, however, include research and development components to the extent that these assist in the demonstration, commercialisation or deployment of a renewable energy technology.

To assist applicants, further details on each eligibility criteria are at Appendix B.

2.5 Merit Criteria

*Guidelines
section 2.11*

The merit of eligible applications will be assessed for overall value for money against the following merit criteria. The merit criteria are considered equally.

- A. Financial viability of the project and ARENA funding sought.*
- B. The extent to which the project will contribute to ASCI objectives.*
- C. Project readiness, including how soon the project can be commissioned, with projects that are timed earlier within the program window receiving favour.*
- D. Capability of the applicant, in particular to the co-investment, complete construction and operate as intended.*
- E. Quality of project design (technical feasibility).*
- F. The overall risk associated with the project including, without limitation: compliance, technical, planning and financial risks.*

To assist applicants, further details on each merit criteria are at Appendix C.

2.6 Assessment

Upon receiving an EOI or full application (as the case may be), ARENA will assess the EOI or full application against the eligibility criteria in section 2.4. If the EOI or full application is assessed as not meeting the eligibility criteria, it will not be assessed further or accepted for funding. Where the EOI or full application is assessed as meeting the eligibility criteria, and if the EOI or full application is complete, in the form required and contains sufficient and verifiable information to undertake a merit assessment ARENA will assess the EOI or full application against the merit criteria detailed in section 2.5.

ARENA may seek further information from the applicant in relation to any matter arising from the assessment of the EOI or full application. In addition, ARENA may engage relevant external advisers to assist with the assessment of the application against any eligibility criteria or the merit criteria.

ARENA may engage external technical or financial advisers, or seek further information or clarification from an applicant on an EOI or full application to assist with the assessment of an EOI or full application.

ARENA may refuse to assess an EOI that, in the opinion and absolute discretion of ARENA:

- has been assessed twice previously by ARENA and not accepted for funding
- or
- has not taken into account any feedback provided by ARENA to the applicant.

Where ARENA forms the view at any stage of its assessment of an EOI or full application that the EOI or full application is clearly of low merit and could not reasonably be accepted for funding, ARENA may discontinue its assessment of the EOI or full application (as the case may be).

ARENA may, at its sole discretion, invite an applicant to submit a full application without first submitting an EOI, should the ARENA CEO decide that the applicant's proposal is highly prospective.

ARENA may also refuse to assess an EOI that, in the opinion and absolute discretion of ARENA, proposes a project that is substantially similar to one that has been assessed as unsuccessful or unsuitable for funding through another ARENA program or initiative.

2.7 Outcome

Following the assessment of an EOI or full application (as the case may be) against the merit criteria, ARENA may:

- in the case of an EOI, invite the applicant to submit a full application for the project detailed in the EOI
- in the case of a full application, offer the applicant funding for their proposal
- or
- in the case of an EOI or full application (as the case may be), not accept the proposal submitted by the applicant.

ARENA will advise the applicant in writing of the outcome of the assessment of their application, and if the project has been accepted for funding, the amount and nature of any funding support to be offered by ARENA and any conditions attached to the funding offer. A funding offer under the program may be for less or more than the amount of funding requested by the applicant and may exclude parts of a project submitted by an applicant.

**Application and
Assessment
Process**
continued

Where ARENA proposes to offer funding of over \$50 million, ARENA will seek the Minister for Resources and Energy's approval before offering the funding.

Where the application has not been accepted for funding, the applicant will be provided with feedback and the applicant may submit a revised application.

Applicants may request feedback from ARENA on the merit of their application at the conclusion of the assessment.

3. Funding Arrangements

3.1 Overview

*Guidelines
sections 3.4–3.5*

An applicant must enter into a Funding Agreement with ARENA before funding will be paid. The Funding Agreement will provide the legal framework for the obligations of each party and terms around payment. The terms of the Funding Agreement will be determined by ARENA.

Applicants can view examples of Funding Agreements on ARENA's website – however, applicants should keep in mind that the Funding Agreements on ARENA's website may differ in content to the Funding Agreement (if any) entered into by the applicant and ARENA.

3.2 Funding Offers

All funding offers under the program are conditional upon:

- the applicant's execution of a Funding Agreement with ARENA
- the availability of the proposed funds
- ARENA obtaining the necessary approvals to enter into the Funding Agreement and to spend the funds, and ARENA entering into that Funding Agreement.

All applicants offered funding would have a negotiation period, as specified in the letter of offer, in which to negotiate and execute the Funding Agreement with ARENA. Failure to execute within this period may result in withdrawal of the funding offer.

ARENA may extend the negotiation period at its absolute discretion and applicants may request that ARENA extend the negotiating period. Requests by applicants for an extension to the negotiating period must be made to ARENA in writing and may be granted at ARENA's absolute discretion.

Applicants who have received funding offers must not disclose the funding offer until the Funding Agreement has been executed unless agreed by ARENA. Disclosure of the funding offer by an applicant prior to execution of the Funding Agreement may result in the funding offer being withdrawn by ARENA.

3.3 Funding Agreement

Funds will not be provided unless the Funding Agreement has been finalised, has legally commenced and any conditions precedent have been met.

The Funding Agreement will provide the legal framework for the obligations of each party, including terms of payment.

Where an applicant receives a funding offer of over \$20 million, the applicant may be required to develop an Australian Industry Participation Plan as part of the Funding Agreement and to have this Australian Industry Participation Plan approved by the Department of Industry, Innovation, Climate Change, Science and Research and Tertiary Education prior to entering into the Funding Agreement. More information is available at:

www.innovation.gov.au/Industry/AustralianIndustryParticipation

Funding Agreements will include a capacity development or operation and maintenance commitment component to avoid stranded assets or assets that fall into disrepair due to the lack of knowledge or funds to maintain them.

ARENA may negotiate a payment from the project proponent, on the eventuality of the project becoming profitable.

Once a Funding Agreement has been executed, ARENA will make an announcement and publish details on its website.

Further details in relation to funding offers and agreements are at Appendix D.

3.4 Variation to Funding Agreement

Requests to vary the Funding Agreement (for example, extensions to a project's timeframe or changes in scope) must be made in writing to ARENA (as specified in the relevant agreement).

Where a significant change of scope is requested, ARENA may need to assess if the project is still eligible and constitutes a material change against the merit criteria. Approval of variations to a Funding Agreement is at the absolute discretion of ARENA. All variations to Funding Agreements will be by written agreement of the parties.

ARENA may engage relevant expertise to assist with the assessment of requests to vary Funding Agreements.

3.5 Monitoring and Evaluation of Projects

Monitoring and reporting requirements will be specified in the Funding Agreement and will be tailored to suit individual projects.

Projects will be required to progress at a rate consistent with the milestones for the project specified in the Funding Agreement. To demonstrate the performance of their project against the agreed performance milestones and any stage gate criteria detailed in the Funding Agreement, funding recipients will be required to provide reports, which may include:

- regular progress reports
- notifying ARENA of significant developments that ARENA may wish to use in its knowledge sharing activities
- milestone reports
- audited financial reports
- a final report.

Among other things, funding recipients will be required to take a risk-mitigation based approach to project management and to advise ARENA if they experience any significant issues or delays.

ARENA may terminate a Funding Agreement or suspend further payments of funding where a project fails to meet agreed milestones or stage gate criteria. ARENA may also require Funding Agreements that include consequences for the failure to meet agreed milestones, such as the reduction of future milestone payments based on the degree of delay to meeting a milestone.

ARENA may select funded projects for site visits and/or program audits.

More details on reporting requirements will be provided to recipients as part of negotiations (if any).

3.6 Recognition Requirements

In all publications, promotional and advertising materials, public announcements and activities in relation to a project, a funding recipient will be required to acknowledge the financial support that it has received from the Australian Government, through ARENA (as specified in the Funding Agreement).

ARENA reserves the right to publicise and report on the funding awarded to funding recipients. The Australian Government may also do this. ARENA and the Australian Government may do this by including in media releases, general announcements about funding and annual reports, the funding recipient's name, the amount of the funds given to the funding recipient and the title and a brief description of the project.

4. Knowledge Sharing

*Guidelines
section 4.1*

A condition of funding through ASCI is agreement to a Knowledge Sharing Plan about the funded project that will inform industry and the broader community about renewable energy solutions.

One of the aims of ASCI is that knowledge produced and disseminated regarding the economic viability of renewable energy systems catalyses further renewable energy uptake.

The knowledge sharing required to support this outcome will be balanced with the need to preserve the confidentiality of intellectual property in projects funded by the program. To provide a basis for balancing these competing priorities, all applicants are required to prepare a Knowledge Sharing Plan for their project and also demonstrate compliance with any of ARENA's knowledge sharing programs.

A proposed Knowledge Sharing Plan is required as part of the application. A final approved Knowledge Sharing Plan will be negotiated as part of the Funding Agreement for the project. A template for the Knowledge Sharing Plans is available on the ARENA website.

The Knowledge Sharing Plan will identify the information that can and will be released into the public arena, and the information that both parties agree should be treated as confidential. At a general level, the information for public release is expected to include:

- the information to be published on the ARENA website about the project
- a description of the project for public release for use in publications and announcements by ARENA. This description is expected to provide a clear and concise summary of the project including its objectives, key activities and timeframes
- any community consultation documentation required in accordance with the Funding Agreement
- reports prepared by the recipient for public release on progress with the project and its outcomes, including, as far as possible, the amount of renewable energy produced and the operational and financial performance of the renewable energy system
- case studies and similar documentation prepared by the recipient for publication describing the project
- the provision of renewable energy resource data, such as solar irradiation data, for inclusion in Commonwealth databases used to develop renewable energy resource maps or similar documents for publication.

In addition, the Knowledge Sharing Plan will:

- identify information about the project and the renewable energy system to be made available to ARENA, but to be treated as commercial-in-confidence by ARENA
- provide for presentations by the recipient on the progress of the project to relevant industry forums
- encourage and facilitate the sharing of information about the project with other stakeholders, including with other funding recipients, the energy sector and other relevant industries
- allow for escorted on-site visits to the site of a project for the purpose of explaining the project and demonstrating the renewable energy system to interested parties, subject to the safety and operational requirements of the recipient.

Applicants should be aware that the *Freedom of Information Act 1982 (FOI Act)* gives the public the right to access information collected or in the possession of the Commonwealth, unless exempted under the relevant provisions of the FOI Act.

5. Further Program Information

5.1 Governance

**Guidelines
sections 5.1–5.2**

The ARENA Board is responsible for approving the entering into of contracts and approving financial assistance under ASCI, except where a grant for a particular project exceeds \$50 million, in which the case the approval of the Minister is also required.

The ARENA Board may delegate responsibility for ASCI in accordance with the ARENA Act.

The ARENA Board may provide advice to the Minister and the Australian Government Department of Resources, Energy and Tourism on the program in accordance with the ARENA Act.

The administrative framework for the initiative is derived from:

- the ARENA Act
- the General Funding Strategy made under Subdivision A, Division 2, Part 3 of the ARENA Act
- the Guidelines
- the Manual
- the delegations from ARENA, the ARENA Board and the CEO
- the draft Funding Agreement
- any other program documentation approved by the ARENA Board.

ARENA may make policies and issue guidance documents for the administration of ASCI, which should be consistent with the Guidelines, but in the event of any inconsistency, the Guidelines will prevail.

The Guidelines are supported by other initiative documentation, including the Manual, which may expand, constrain, or define terms, concepts and other requirements of the Guidelines and add additional processes or requirements.

The Guidelines and the Manual will be available on the ARENA website.

Documentation for the initiative may be updated from time to time to account for changes to details of the initiative and to the relevant provisions of Commonwealth legislative requirements and policies.

5.2 Confidentiality and Disclosure of Information

Guidelines sections 5.3–5.4

Subject to section 5.4, information of a confidential nature provided by an applicant as part of, or in connection with, any application or negotiation process (if any) will be treated as commercial-in-confidence information by ARENA and will only be disclosed with the consent of the applicant.

ARENA may disclose any information referred to in section 5.3, including commercial-in-confidence information:

- to the Minister and the Minister's office*
- in response to a request by a House or a Committee of the Parliament of the Commonwealth of Australia*
- to the Auditor General, Ombudsman, Information Commissioner or Privacy Commissioner*
- to ARENA's staff, consultants and advisers*
- to any Commonwealth agency or body, or to any other organisation or individual considered by ARENA to have a need or an entitlement to know that information (including any state or territory agency or body), where that need or entitlement arises out of or in connection with ARENA's assessment, verification or due diligence of any aspect of an application*
- where the disclosure is otherwise permitted or required by law.*

For the sake of clarity, if ARENA discloses commercial-in-confidence information under paragraph (d) or (e) above, ARENA will require the recipient of that information to treat it as commercial-in-confidence information.

Those Guidelines deal with the treatment of information of a confidential nature that is provided to ARENA by an applicant as part of the application or negotiation process. The Funding Agreement will govern the treatment of confidential information if and when a Funding Agreement is executed.

Applicants should therefore identify any information that they regard as confidential in nature in their applications, so that ARENA is aware of the applicant's views about what ought to be treated as commercial-in-confidence information.

5.3 Use of Applicants' Information

ARENA, including its internal management, agents and advisers, will use the information provided by applicants for the purposes of discharging their respective functions under the program. ARENA may also:

- use information received in proposals in any of its legitimate business
- consult with other Commonwealth agencies or bodies, other organisations or relevant individuals about an applicant's claims during the application process and the course of the program
- engage third parties (such as consultants) to review and assess proposals, in which case, ARENA will require these third parties to observe appropriate confidentiality.

If, during the application process or funding period, ARENA consults with other Commonwealth agencies or bodies, other organisations or relevant individuals about a proposal or engages consultants to review proposals, ARENA will require these parties to treat all information, which is confidential in nature, as commercial-in-confidence.

5.4 Privacy

In administering the initiative, ARENA is bound by the provisions of the *Privacy Act 1988* (Cth) (Privacy Act). Section 14 of the Privacy Act contains the Information Privacy Principles (IPPs) that prescribe the rules for handling personal information. Persons, bodies and organisations involved in the initiative will be required to abide by the IPPs, the Privacy Act and any other relevant laws when handling personal information collected for the purposes of the initiative.

5.5 Feedback and Complaints Handling

Complaints concerning assessments or processes will, in the first instance, be reviewed by ARENA.

If ARENA cannot resolve a complaint from an applicant within 30 business days of receiving the complaint, ARENA must notify the applicant of the identity of a Complaints and Review Officer and of the next steps. If at any stage, the applicant is not satisfied with the complaint resolution procedure, the applicant can approach the Commonwealth Ombudsman's office for external review of the administrative actions of ARENA.

5.6 Disclosure of Proceedings

All applicants must disclose any litigation, arbitration, mediation, conciliation or proceeding or any investigations (Proceedings) that to the best of the applicant's knowledge, after having made proper enquiry, are taking place, pending or threatened, against them or a related body corporate, as defined in the *Corporations Act 2001* (Corporations Act), where such Proceedings have the potential to affect either:

- the applicant's capacity to undertake the proposed project
- or
- the applicant's reputation.

If an applicant fails to disclose Proceedings and is subsequently found to have Proceedings that ARENA considers, in its absolute discretion, should have been disclosed to it, ARENA may determine that the applicant's proposal is ineligible for funding.

5.7 Changes to Circumstances

Applicants must notify ARENA promptly and in writing of any change to a proposed project that could affect the basis upon which the applicant will have access to the necessary skills, resources or corporate or financial backing to undertake its proposed project. ARENA will consider the notification as part of the process of assessment of the proposal.

5.8 Applicant's Responsibilities

Subject to the terms of any Funding Agreement executed with a recipient, all costs and expenses incurred by an applicant in connection with a proposal under the program are the sole responsibility of the applicant and are not recoverable from ARENA. These include, but are not limited to:

- preparing a proposal
- any subsequent negotiation
- any other action including any dispute or response in relation to the Manual or at law.

Applicants are responsible for conducting their own examinations of matters relating to their proposals and will be deemed to have made their own enquiries regarding participation in the initiative. ARENA may choose whether to find any proposal as ineligible that is subject to due diligence or other investigation to be performed by or for the applicant after the proposal is submitted.

When preparing proposals, applicants should be aware that it is their responsibility to inform themselves of the responsibilities and risks associated with applying for funding from the initiative.

All applicants should obtain and will be deemed to have obtained their own advice on the effect of laws and Commonwealth policies, including those referred to in section 6 of the Manual.

5.9 No Contract or Liability

Despite:

- anything else contained in this Manual; and
- any conduct, statement, act or omission (whether negligent or otherwise) by or on behalf of ARENA at any time,

by submitting an application, or by otherwise participating in or conducting any activities in relation to ASCI, (individually and collectively, Participation), each applicant:

- acknowledges that neither ARENA nor the applicant intends to create any contract or other relationship under which ARENA is obliged to conduct:
 - the application process
 - any negotiation or subsequent processor
 - ASCI more generally

(collectively the ASCI Process), in any manner or at all, and that there is in fact no such contract or other relationship in existence

- accordingly, acknowledges that neither the ASCI Process nor any Participation:
 - will create any legal or other obligation upon ARENA to conduct the ASCI Process in any manner or at all
 - will be, or will be deemed to be, a binding undertaking of any kind by ARENA on the basis of any promissory estoppel, quantum meruit, quantum valebat, or any other contractual, quasi-contractual or restitutionary grounds or in negligenceor
 - will, or will be deemed to, give rise to any responsibility or liability of ARENA under any circumstances
- releases ARENA from any claim it might otherwise have been able to make or bring against ARENA, arising out of or in connection with:
 - ARENA's conduct of, or failure to conduct, the ASCI Process in any manner or at allor
 - any Participation.

It is a condition of Participation that each applicant acknowledges and accepts that a contract may only be created between ARENA and that applicant by both parties entering into a Funding Agreement through formal execution.

5.10 ARENA's Rights

Without limiting its rights at law or otherwise, ARENA reserves the right and absolute discretion at any time to:

- cease to proceed with, or suspend, the initiative
- cease working with an applicant at any time at its discretion
- amend the Manual, including altering the details of the initiative, by giving written notice where possible
- otherwise vary the assessment process
- require additional information or clarification from any applicant or anyone else associated with a proposal
- shortlist applicants
- negotiate with any one or more applicants and discontinue such negotiations
- call for new proposals
- publish or disclose the names of the recipients of funding under the initiative
- allow or not allow a related body corporate, as defined in the Corporations Act, to take over a proposal in substitution for the original applicant
- discontinue assessment of a proposal and reject any proposal
- perform security, probity and financial investigations and procedures such as ARENA, in its absolute discretion, may determine are necessary in relation to each applicant, its partners, associates, subcontractors or related bodies corporate (as defined in the Corporations Act) or consortium members and their respective employees or officers.

Any time or date in the Manual is for the sole convenience of ARENA. The establishment of a time or date in the Manual does not:

- create an obligation on the part of ARENA to take any action
- or
- create any right in any applicant that any action be taken on the date established.

5.11 Conflicts of Interest

In submitting a proposal, the applicant warrants that, to the best of its knowledge after making diligent enquiries and at the date of submitting the proposal, no conflict of interest exists or is likely to arise in the application process or in the performance of its obligations under the initiative. Where a conflict of interest arises, or appears likely to arise (whether at the time of, or after submitting, a proposal), the applicant must:

- immediately notify ARENA in writing
- make full disclosure of all relevant information relating to the conflict
- take such steps as ARENA requires to resolve or otherwise deal with the conflict.

Where an applicant declares any conflicts of interest, it should set out a proposed strategy for managing and monitoring these conflicts to ensure it does not compromise the success of the project. ARENA will assess the situation and decide an appropriate course of action, including whether or not to accept the proposal for funding.

ARENA administers conflict of interest procedures, including procedures for ARENA Board members, the Chief Executive Officer, the Chief Financial Officer of ARENA and other ARENA staff to declare their interests.

All consultants or experts engaged by ARENA to assist in the assessment of proposals or variations to proposals or Funding Agreements will be required to disclose any conflicts of interest they may have in relation to applicants and may be excluded from the assessment of a proposal or a request for variation because of their conflict of interest.

5.12 Due Diligence Checks

ARENA may conduct due diligence and other checks on an applicant, application or progress of an approved project including by having discussions with:

- consortium members, subcontractors or other organisations involved in a project
- or
- other agencies or organisations with experience in dealing with the applicant or with an aspect of the project, whether or not those organisations are provided as referees.

6. Applicable Requirements

This section outlines a range of requirements that may affect the conduct of projects under ASCI. Applicants should seek their own advice on any relevant legislation.

6.1 Australian National Audit Office

The Auditor-General has statutory powers to obtain information. *The Auditor-General Act 1997* (Cth) provides the Auditor-General or an authorised person with a right to have at all reasonable times, access to information, documents and records.

In addition to the Auditor-General's statutory powers and in recognition of the need for the Auditor-General's functions to be conducted in an efficient and co-operative manner, a recipient with a Funding Agreement will be required to provide to the Auditor-General or a delegate of the Auditor-General, access to the recipient's premises, in respect of any inquiry concerning the project for which the recipient is receiving or has received funding and to otherwise facilitate monitoring of compliance with the Funding Agreement. Such access will apply for the term of the Funding Agreement and for a period of seven years after the date of termination or expiry of the Funding Agreement.

6.2 Archiving

Funding recipients should be familiar with the requirements of record keeping in an outsourced environment, particularly the National Archives publication *Records Issues for Outsourcing*. Copies of this publication can be downloaded from:
http://www.naa.gov.au/Images/GDA25_tcm16-47736.pdf

6.3 Anti-Terrorism

ARENA will not enter into a Funding Agreement with a person or organisation on the list of persons and entities designated as terrorists. Part 4 of the *Charter of United Nations Act 1945* (Cth) and the *Charter of United Nations (Dealing with Assets) Regulations 2008* (Cth) require any person who holds assets or funds belonging to a person or organisation on the list of persons and entities designated as terrorists to immediately freeze those assets. It is an offence to make any funds or assets available to a person or organisation on the list. The list and more information on these requirements are available at:
http://www.dfat.gov.au/icat/UNSC_financial_sanctions.html

6.4 Anti-Money Laundering

Recipients will be required to comply with any obligations applicable to them contained in the legislation arising from the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth).

6.5 Equal Opportunity

The Commonwealth has a policy of not entering into agreements with or providing discretionary grant or loan funds to organisations that do not comply with their obligations, if any, under the *Workplace Gender Equity Act 2012* (Cth). Applicants must sign the relevant declaration at the EOI stage and the full application stage to demonstrate that they understand and meet their obligations, if any, under the Act. ARENA will also check applicants' names against the List of Non-Compliant Organisations on the website of the Workplace Gender Equality Agency at: www.wgea.gov.au

6.6 Environmental Regulation

Funding recipients will be required through the Funding Agreement to comply with the National Model Regulations for the Control of Workplace Hazardous Substances [NOHSC:1005(1994)] and National Code of Practice for the Control of Workplace Substances [NOHSC:2007(2004)]. Copies of both documents can be obtained from the Australian Safety and Compensation Council (ASCC) website at: www.ascc.gov.au

6.7 Construction and Occupational Health and Safety (OH&S) Compliance

Construction projects funded by ARENA may be required to comply with relevant Australian Government policies and schemes to promote good workplace relations and safety practices in the construction industry. Relevant schemes include:

- the Building Code 2013 in force pursuant to the *Fair Work (Building Industry) Act 2012* (Cth), and the Supporting Guidelines for Commonwealth Funding Entities (respectively, the Code and the Guidelines)
- the Australian Government Building and Construction OHS Accreditation Scheme established under the *Fair Work (Building Industry) Act 2012* (Cth) (the Scheme).

The Code and Guidelines apply to all construction activity undertaken by, or on behalf of funding entities irrespective of the value of a project. The Code and Guidelines also apply to all construction projects indirectly funded by the Australian Government through grant and other programs where:

- the value of the Australian Government contribution to a project is at least \$5 million and represents at least 50 per cent of the total construction project value
- or
- the Australian Government contribution to a project is \$10 million or more, irrespective of the proportion of Australian Government funding.

The Scheme applies to projects directly funded by Australian Government with a value of at least \$3 million, and projects indirectly funded by Australian Government where:

- the value of the Australian Government contribution to the project is at least \$5 million and represents at least 50 per cent of the total construction project value
- or
- the Australian Government contribution to the project is \$10 million or more irrespective of the proportion of Australian Government funding
 - the head contracts for building work are greater than \$3 million (GST inclusive).

Further information about the Code and Guidelines is available at www.deewr.gov.au/building
Further information about the Scheme is available at www.fsc.gov.au

7. Glossary

ARENA – Australian Renewable Energy Agency, as established by section 7 of the *Australian Renewable Energy Agency Act 2011* (Cth), including the ARENA Board, Chief Executive Officer, Chief Financial Officer and staff engaged under the *Public Service Act 1999* (Cth), employed in the Department of Resources, Energy and Tourism and made available by the Secretary to ARENA

Commercial Readiness Level (CRL) framework – The CRL framework is a tool developed by ARENA that builds on the proven Technology Readiness Level (TRL) and seeks to map where the project or technology is placed on the universally accepted innovation chain from early stage research through to market driven commercial deployment. Recognising that the commercialisation process is multi-faceted and non-linear, the CRL framework provides a range of measurable parameters to help identify where key barriers exist to commercial deployment that might be addressed through an ARENA supported project

Consultants – A consultant engaged by ARENA pursuant to section 63 of the ARENA Act to provide services to assist ARENA in the performance of its function

Enabling Technologies – Includes technologies that enable renewable energy solutions to function more effectively

Levelised Cost of Electricity (LCOE) – Is the most commonly used tool for measuring and comparing electric power generation costs. It reflects the minimum cost of energy at which a generator must sell the produced electricity in order to breakeven. It is equivalent to the long-run marginal cost of electricity at a given point in time because it measures the cost of producing one extra unit of electricity with a newly constructed electricity generation plant

Renewable Energy – Energy that is generated from natural resources that can be constantly replenished

Renewable Energy Solution – Encompasses a renewable energy technology or combination of technologies that use or enable the use of one or more renewable energy sources together with associated activities such as business and financing arrangements, human resourcing, operation and maintenance and community engagement

Appendix A – Eligible Expenditure Guidelines

The Eligible Expenditure Guidelines specify what kinds of expenditure is eligible expenditure for projects under ASCI. These Eligible Expenditure Guidelines are recognised in the Funding Agreement for the initiative.

These Eligible Expenditure Guidelines are to be followed:

- in the preparation of the Budget and Funding Sources form for submission with a proposal for funding under the initiative; and
- by recipients as part of the regular milestone reporting and annual financial reporting required of recipients under the Funding Agreement.

Applicants are required to prepare a budget of eligible expenditure for their project for submission with their proposal using the Budget and Funding Sources form available on the ARENA website.

Applicants are required to identify verifiable milestones and to prepare their budgets in terms of meeting the expenditure required for each milestone. Budgets should be realistic and feasible in relation to the nature of the project. Applicants are required to:

- explain the underlying assumptions and the basis for calculation of expenditure items
- indicate where quotations and contracts are in place
- provide any documentary evidence to support the expenditure calculations used by the applicant.

If a proposal is accepted for funding and a Funding Agreement executed, ARENA will make payments upon the achievement of agreed milestones. Payments for each milestone will be calculated as a proportion of the eligible expenditure expected to be required to achieve the milestone, subject to review where actual eligible expenditure for the milestone falls significantly short of the expected eligible expenditure. The proportion of eligible expenditure to be paid for each milestone will be determined on a case-by-case basis as part of the process of negotiating the Funding Agreement. In addition, the Funding Agreement will require recipients to provide financial reports in respect of eligible expenditure on the project.

Where an applicant is in any doubt as to the eligibility of some of the expenditure on their proposed project, the applicant should discuss the matter with ARENA. ARENA will consider the request and make a determination about the eligibility of the expenditure.

General Principles

The following general principles apply in the consideration of eligible expenditure:

- eligible expenditure is expenditure related directly to the undertaking of the project
- non-cash and in-kind contributions are not eligible expenditure
- expenditure is generally not eligible expenditure if it is undertaken prior to the signing of the Funding Agreement or after the completion date for the project specified in the Funding Agreement
- opportunity costs are not eligible expenditure (Opportunity costs are any benefits or production lost due to the allocation of resources to the project ahead of any other possible activities by the recipient.)
- where resources are used on a project and on unrelated activities elsewhere in the recipient organisation, the cost of those resources should be apportioned to the project on the basis of the proportion of those resources that were used by the recipient in undertaking the project. Where it is not possible to make such a proportionate allocation, the recipient should allocate the cost of the resources on a reasonable basis and provide information to ARENA to support this allocation of the cost of the resources

- related party transactions must be treated on an at cost basis, without mark-up, unless the recipient can demonstrate to the satisfaction of ARENA that the transaction has been calculated on an arms-length basis
- generally accepted accounting principles are to be followed and it must be possible to track expenditure relating to the project through a recipient's accounting system
- eligible expenditure is calculated net of GST.

Specific Eligibility Provisions

Eligible expenditure includes:

- expenditure on the preparation of contracts entered into for the purposes of undertaking the activities required for the conduct of the project, subject to the ineligible expenditure constraints below
- labour expenditure, such as salaries and wages, including reasonable on-costs for personnel employed directly on the project. Labour on-costs include: worker's compensation insurance, employer contributions to superannuation, recreation and sick leave, long service leave accrual and payroll tax
- administrative expenses, including expenses incurred on communications, accommodation, computing facilities, travel, recruitment, printing and stationery, where such expenses are related directly to the project
- expenditure for plant installed for the project at the full delivered cost of the plant
- expenditure on plant used for the construction of a project, calculated on the basis of hire or lease costs or depreciation charges, if owned, and running costs directly related to the construction of the project, such as rent, power, fuel and repairs and maintenance
- expenditure on legal, audit and accounting costs related directly to the project
- expenditure related to the raising of funds for the project, or the formation of consortia or joint ventures or other partnering arrangements, where such activities can be related directly to the project
- expenditure such as relevant licence fees or intellectual property purchase costs, where the applicant needs to access specific technology to undertake the project
- expenditure related directly to obtaining government approvals to undertake a project

Ineligible expenditure includes, but is not limited to:

- expenditure related to the general operations and administration of the applicant or recipient that the applicant or recipient could reasonably be expected to undertake in the normal course of business
- expenditure on activities that a local, State, Territory or Commonwealth Government agency has the responsibility to undertake
- interest on loans for new and pre-existing capital items used for the project
- expenditure on the acquisition of land for a project
- sales or promotional activities that do not support directly the successful completion of the project
- geothermal license retention fees
- membership fees
- donations
- expenditure that does not support directly the successful completion of the project.

Labour

Eligible labour expenditure is the gross amount paid or payable to an employee of the applicant's or recipient's company or organisation. Eligible salary includes any components of the employee's total remuneration package that are itemised on their Pay As You Go (PAYG) Annual Payment Summaries submitted to the Australian Taxation Office (ATO).

Recipients must provide evidence to demonstrate the amount of time that an employee spent on the project. Evidence to support eligible expenditure on labour could include timesheets, job cards or diaries.

Labour costs cannot be claimed based on an estimation of the employee's worth to the company, where no cash has changed hands.

Contract Expenditure

Eligible contract expenditure is the cost of any activities to support a project performed for the recipient by another organisation. Work to be performed on a project must be the subject of a written contract, including a purchase order, which specifies the nature of the work to be performed for the recipient and the applicable fees, charges and other costs payable. The written contract must be executed prior to the commencement of the work undertaken under the contract.

It is not a requirement for contracts to be in place at the time an applicant submits a proposal to ARENA. However, for major items of contract expenditure, such as purchases of major items of hardware to be incorporated in the project, applicants will be expected to have some form of documentary evidence, such as written quotes from suppliers, to substantiate the expenditure included in the budget for the project.

Where the contractor and the applicant or recipient are not at 'arm's length', the amount assessed for work performed will be an amount considered to be a reasonable charge for that work and contain no unacceptable overheads and no element of 'in group profit'. Organisations considered not at 'arm's length' include related companies and companies with common directors or shareholders.

Expenditure prior to execution of the Funding Agreement

Expenditure is generally not eligible, if incurred prior to the signing of the Funding Agreement. A recipient, however, may be able to claim some expenditures incurred prior to execution of a Funding Agreement, with the prior agreement of ARENA and only where such expenditures are incurred after ARENA has made a funding offer to the applicant for the project and provided ARENA proceeds to enter into a Funding Agreement. This expenditure and the funding attached to it will be considered by ARENA on a case-by-case basis.

Overseas Expenditure

Items of overseas expenditure must be detailed when submitting the project budget in a proposal. Following execution of a Funding Agreement, expenditure on goods and services overseas may be subject to approval by ARENA as specified in the Funding Agreement.

Accounting Systems

Recipients are required to have in place suitable accounting systems and to provide to ARENA assurances that the accounting system used by the recipient allows for the separate and accurate identification of eligible and ineligible expenditure on the project and that a clear audit trail of program funding and eligible expenditure is available on request.

Appendix B – Eligibility Criteria

This appendix provides further guidance on the eligibility criteria for ASCI.

Eligible Applicants

To be eligible for funding under ASCI an applicant must meet the following criteria. In addition, the application must be complete, in the form required and contain sufficient and verifiable information to undertake a merit assessment.

A.

The applicant must be an entity able to contract with ARENA within its Constitutional Limits, as defined in the ARENA Act.

An applicant can be an Australian or foreign entity. If the applicant is an Australian entity, it must be an entity incorporated under the *Corporations Act 2001* (Cth) (Corporations Act) (this includes foreign entities that have incorporated subsidiaries in Australia), or be an entity registered and carrying out business in Australia's external territories. If the applicant is a foreign entity, it must be an entity that conforms to the requirements of s.14 of the ARENA Act

An individual, partnership or trust is not eligible to apply for funding under the program.

Applicants cannot be unincorporated joint ventures. Where the applicant is the lead entity representing a consortium or joint venture, it must meet the requirement for incorporation under the Corporations Act 2001, though the other members of the consortium or joint venture do not need to be incorporated. If the applicant's proposal is successful and the applicant receives a funding offer, the lead entity of a joint venture or consortium will need to be incorporated and enter into a Funding Agreement with ARENA and then enter into back-to-back agreements with other consortium or joint venture partners.

A state or territory government is not eligible to apply for funding, however a government-owned business incorporated under the Corporations Act is eligible.

State or territory government agencies and Australian research institutions that are not incorporated under the Corporations Act are not eligible to be an applicant for a project, but are encouraged to participate in consortiums, joint ventures or other partnering arrangements with industry.

B.

The applicant must not be named by the Workplace Gender Equality Agency as an organisation that has not complied with the Workplace Gender Equality Act 2012 (Cth).

The Commonwealth has a policy of not entering into agreements with or providing discretionary grant or loan funds to organisations that do not comply with their obligations, if any, under the *Workplace Gender Equality Act 2012* (Cth). Applicants must sign the relevant declaration at the EOI stage and the full application stage to demonstrate that they understand and meet their obligations, if any, under the Act. ARENA will also check applicants' names against the List of Non-Compliant Organisations on the website of the Workplace Gender Equality Agency at: www.wgea.gov.au

C.

The applicant must be able to specify the expected total cost of the project, the amount of ARENA funding sought and include firm commitments for any funding to be provided by the applicant or third parties.

ARENA will assess whether the amount of funding sought and the total cost of the proposal is appropriate for the proposed project. ARENA will also assess whether the applicant and its supporting sources of finance have the financial capacity and level of commitment to meet the specified co-investment successfully.

Applicants are also required to provide a specified financial contribution from their own, or third party, resources to their proposals and a firm commitment to do so. While there is no minimum threshold for the level of co-funding, ARENA will take into account value for money in terms of the impact of ARENA funding against the amount of renewable energy delivered by the project and progressing ASCI objectives and outcomes.

Applicants should identify other funding sources for their proposals in the Budget and Funding Sources form to be attached to the application.

Eligibility may further be demonstrated by:

- providing a breakdown of the expected sources and amounts of funding for the project
- for each funding source, providing full details of the nature of financial commitments to the project, including the terms and status of any financing agreements
- providing evidence of the financial status and viability of the applicant, such as annual financial statement or similar audited documents
- justifying why the amount of funding sought is appropriate for the activities proposed as part of the project, taking into account the total cost of the project, and the proportion of funding sought from the program.

D.

In the EOI the applicant must undertake to develop an agreement to share knowledge, including having a Knowledge Sharing Plan as set out in section 4 of the Manual and submit a completed Knowledge Sharing Plan as part of the full application.

In the Expression of Interest, the applicant must undertake to develop an agreement to share knowledge, including having a Knowledge Sharing Plan as set out in section 4 of the Manual.

Templates for Knowledge Sharing Plans are available on the ARENA website.

Eligible Projects

To be eligible for funding under ASCI a project must meet the following eligibility criteria:

A.

The project must be consistent with the terms of ARENA's General Funding Strategy and ARENA's functions.

The applicant must provide details to demonstrate that the project falls within the scope of ARENA's General Funding Strategy and ARENA's functions as set out in the ARENA Act.

The ARENA General Funding Strategy is available on the ARENA website.

B.

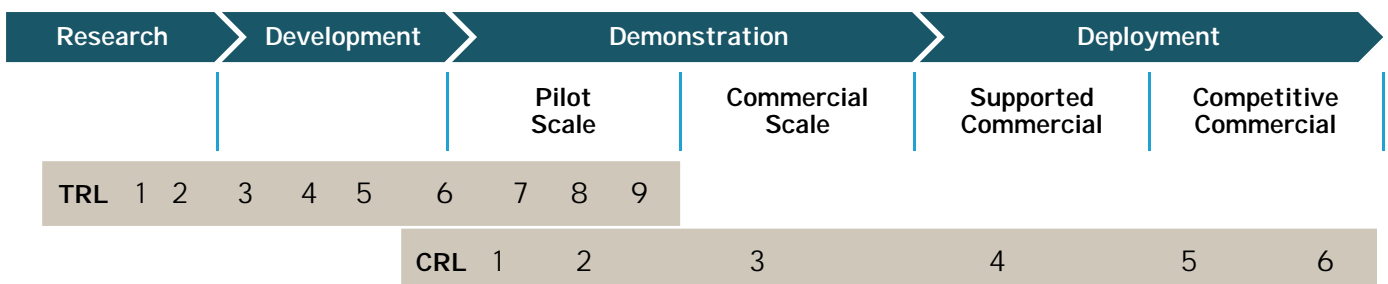
The project is in the demonstration, commercialisation or deployment phases of a renewable energy technology (including supporting activities).

The objectives for ASCI, as set out in the Manual, identifies that the opportunities ARENA seeks to capture through ASCI are those that have the potential to make a direct, significant and measurable contribution to ARENA's delivery of the main object of the ARENA Act.

Only projects that are in the demonstration, commercialisation or deployment phases of a renewable energy technology (including supporting activities) are eligible for ASCI funding. The proposed project must not be a project that is focused on delivering research and development outputs or involve a technology that has yet to be proven at pilot scale.

Applicants are required to demonstrate eligibility against this criterion by assessing the commercial readiness level of the project using the Commercial Readiness Level (CRL) framework developed by ARENA. The CRL framework builds on the proven Technology Readiness Level (TRL) and seeks to map where the project or technology is placed on the universally accepted innovation chain from early stage research through to market driven commercial deployment.

Recognising that the commercialisation process is multi-faceted and non linear, the CRL framework provides a range of measurable parameters to help identify where key barriers exist to commercial deployment that might be addressed through an ARENA supported project. The CRL framework can be found on the ARENA website. Only projects that are between a CRL of 3 and 5 are eligible for funding. ARENA may seek further substantiation from the applicant in relation to its assessment of the commercial readiness level of the project. The CRL levels defined by ARENA are summarised below.



C.

The project must fall outside the scope of, or is/would not be well suited to, ARENA's existing suite of Initiatives and Programs, as detailed in its Investment Plan.

ASCI is intended to complement rather than duplicate other ARENA programs, initiatives and activities. Accordingly, applications to ASCI should be considered only where alternative ARENA funding opportunities have been exhausted, or the project is identified as not being well suited to the requirements of the relevant initiatives or programs. This includes those projects that have been assessed under existing initiatives and programs where the reasons for turning the project down were due to poor suitability to the program's objectives.

Projects (or substantially similar versions) that have been assessed, or would likely be assessed as low merit, through other ARENA programs and initiatives, will not be supported by ASCI.

Applicants must provide details to demonstrate that the project cannot be supported through an existing program or initiative administered by ARENA. This can be achieved by providing a review of eligibility and suitability against existing ARENA programs and initiatives. Where the applicant identifies that the project is ineligible or not well suited to other programs and initiatives, it must demonstrate that the issue is intractable, and cannot be resolved by amending the proposal in a viable manner.

D.

The project must require an ARENA contribution of \$5 million or more.

Consistent with the focus of the initiative to achieve a significant, measurable and strategic contribution to ARENA's delivery of the main object of the ARENA Act (s.3), and expectations of funding projects costing above \$20 million, the minimum contribution from ARENA must be \$5 million or more.

Appendix C – Merit Criteria

The merit of eligible applicants will be assessed for overall value for money against the following merit criteria. The merit criteria are weighted equally.

A.

Financial viability of the project and ARENA funding sought.

ARENA will compare the funding sought from the initiative for the project with the total cost of the project, taking into account other expected sources of funding and evidence of any funding that has been secured and the financial capacity of the applicant to fund its contribution to the costs of the project.

ARENA will assess whether the applicant and its supporting sources of finance have the financial capacity and level of commitment to deliver the project successfully. ARENA will also assess whether the amount of funding sought and the total cost of the project is appropriate for the proposed renewable energy solution.

Applicants should, therefore, provide a financial contribution from their own resources to their projects. Applicants should identify other funding sources for their projects in the Budget and Funding Sources form to be attached to the proposal.

In addition, while financial contributions to projects from state and territory governments are welcome, the program would not usually fund projects that are mostly funded by government sources.

Expression of Interest

The applicant may demonstrate merit by detailing in the Budget and Funding Sources form:

- the expected sources of funding for the project including the amounts and sources of debt and equity for the project and any planned off-take or sales agreements
- any signed financial agreements for the project
- the financial status and viability of the applicant, including cash-flow, financial growth and stability
- an explanation of why the ratio of program funding sought compared with other funding sources is appropriate for the stage of development of the renewable energy solution
- any in-kind or other non-cash contributions to the project.

Full Application

The applicant may demonstrate merit by detailing:

- expected sources of funding for the project, including the amounts of any debt or equity contributions to the project and any off-take agreement or sales agreements for the project
- for each funding source, the nature and timing of any financial commitments, including the terms of any signed financial agreements for the project, noting that the stronger the commitment of funding from sources other than the initiative, the higher the merit of the project against this criterion
- information on expected financial stability of the company for the duration of the project, including two years of financial information and forward cash-flows for the duration of the project
- the justification for the level of funding from the initiative for the project and how the level of funding is appropriate for the project considering its stage of technology development and that equity and debit returns are consistent with market rates of renewable energy projects
- any in-kind or other non-cash contributions

- an appropriate allocation of financial risk, and financial return, between the project participant and ARENA
- how management incentives and remuneration are effectively tied to project performance, such as through Employee Stock Ownership Plans (ESOPs). ESOPs should be used to make sure the management team have a genuine interest in company success and that ARENA funds will not be used for excessive management payments
- specific opportunities for recoupment of grant funds provided by ARENA.

Applicants are to supply a financial model to a standard expected by a prospective equity or debt investor.

B.

The extent to which the project will contribute to the ASCI objectives.

To provide a consistent basis for making assessments against this merit criterion, applicants are required to undertake assessments of the project's impact on:

- Commercial Readiness Levels (CRLs) of the renewable energy technology
- the Levelised Cost of Electricity (LCOE) or equivalent for renewable technologies that do not generate electricity, e.g. biofuels.

In this context, the immediate impact of the project is as relevant as the subsequent deployment or uptake enabled through its successful completion.

Frameworks for assessing CRLs and LCOE are available on ARENA's website.

Merit may be demonstrated by the applicant providing evidence in support of the factors listed in this merit criterion (or for the EOI stage, providing brief descriptions), and includes but is not limited to:

A. Contribution to ARENA objectives

- **Deployment:** the scale of the deployment benefits to be delivered as a result of the project and any subsequent deployment/uptake against metrics appropriate to the project – these may include but are not limited to:
 - increasing the supply of renewable energy (capacity)
 - or
 - addressing barriers that prevent the deployment of additional renewable energy penetration into the relevant energy market.
- **Competitiveness:** the level of improvement to the competitiveness of renewable energy in Australia against metrics appropriate to the project – these may include but are not limited to:
 - progressing a technology along the eligible stages of the innovation chain
 - reducing the Levelised Cost of Electricity (LCOE) of a renewable energy or related technology
 - delivering improved value to renewable energy generator revenue
 - collection, analysis, storage or dissemination of knowledge that significantly advances renewable energy & related technology innovation, Australian market uptake, community acceptance or industry development
 - facilitating co-ordination of nationally or internationally significant efforts for renewable energy & related technology innovation
 - or
 - significantly progressing the development of the Australian renewable energy industry.

B. The project's potential contribution to ARENA's spread of strategic investments across the innovation chain, including by:

- The extent to which activities complement ARENA's existing portfolio of activities and projects, including:
 - why the activity is best suited to be undertaken in Australia
 - why ARENA is best placed to provide support for the activity
 - how the activity complements ARENA's existing portfolio.
- The degree to which the project offers a unique opportunity for funding, including:
 - time criticality
 - the low likelihood of similar opportunities arising in the near to mid-term (including opportunity cost (savings) associated with early deployment)
 - the absence of other providers to deliver similar outcomes
 - any efficiencies created by leveraging funds from other funding bodies or strategic partners.

C.

Project readiness, including how soon the project can be commissioned, with projects that are timed earlier within the program window receiving favour.

In considering this criterion, favour will be given to projects that have clear and realistic timeframes that allow for project commissioning by 30 June 2020 or such other date as may be determined by ARENA at its absolute discretion. Projects that are timed for completion earlier in the program window will be well regarded.

Favour will also be given to applicants who are willing to sign up to Funding Agreements that have the payment of milestones clearly linked to the successful completion of construction deadlines, and which may include consequences for the failure to meet agreed milestones, such as the reduction of milestone payments based on the degree of delay to meeting a milestone.

Expression of Interest

The applicant may demonstrate merit by briefly detailing:

- a project schedule that indicates all major project milestones, in particular when the project will commence and a likely commissioning date
- the track record of the applicant and other project participants in developing and delivering renewable energy projects on time
- a description of the renewable energy solution proposed and why it can be deployed relatively quickly.

Full Application

The applicant may demonstrate merit by detailing:

- a detailed project plan and timeline scheduling commissioning by 30 June 2020 or such other date as may be determined by ARENA at its absolute discretion, with analysis of risks and contingencies, covering:
 - engineering
 - procurement
 - securing of environmental permits and approvals
 - construction
 - the commissioning schedule.

- details of any similar projects completed by the applicant in short timeframes and how this will contribute to being able to commission the proposed project by 30 June 2020 or such other date as may be determined by ARENA at its absolute discretion
- expected decision points, including final investment decision, key approval dates, construction start date, commissioning date, and operational start date
- assurances that all components of the project can be sourced and implemented within the time frames specified
- method of project development
- the identification and ability to obtain and comply with all applicable planning, building, environmental, workplace health and safety and other regulatory approvals
- assurances that the applicant has ownership of, access to, or the beneficial use of all the intellectual property necessary to carry out the project
- stakeholder and/or community engagement undertaken or planned.

D.

Capability of the applicant, in particular to supply the co-investment, complete construction and operate as intended.

ARENA must be satisfied that the applicant has the capability and expertise to undertake and complete the project successfully.

Expression of Interest

The applicant may demonstrate merit by describing briefly:

- the key personnel upon whom the project depends (including technical and commercial personnel) and an outline of how their experience and capability will ensure delivery of the project
- any similar projects completed and how this experience will contribute to delivering the proposed project on time and on budget
- where relevant, the roles of consortium members and the status of any relevant agreements between consortium members
- an indicative costing and budget for the project on the Budget and Funding Sources form provided on ARENA's website
- the status of the project plan for the project and any government approvals that the project has secured
- the expected source and magnitude of matching funds.

Full Application

The applicant may demonstrate merit by providing evidence in support of the factors listed in this merit criterion. This may include:

- Details of key personnel outlining their level of expertise and professional experience in
 - project management, with particular regard to the scale of the proposed project
 - business and commercial management, including in human resources and financial management
 - delivering engineering or technical outcomes
- Details of the track record, experience and reputation of the applicant for achieving business, engineering or research outcomes professionally
- Evidence of a core business that is directly relevant to the project
- Acknowledgement of relevant State and Territory approval processes and evidence to

support a high degree of certainty that these approvals will be obtained and identification of the environmental and other approvals required for the project and the timeframe for obtaining these approvals

- Details, where relevant, of the capability of consortium members, their roles in the project, and the extent of their commitment to the project as evidenced by the nature and status of formal agreements between consortium members
- A detailed budget of eligible expenditure and ineligible expenditure for the project consistent with the Eligible Expenditure Guidelines at Appendix A and detailed in the Budget and Funding Sources form required for all proposals
- A comprehensive Project Plan for the project, which includes milestones and timelines for undertaking the project.

Applicants must notify ARENA promptly and in writing of any change to the capacity of the applicant to undertake the project successfully, including any change to the skills, resources or corporate or financial backing available to the project.

E.

Quality of project design (technical feasibility).

ARENA must be satisfied that the project is an appropriate and effective way of meeting the project's proposed outcomes and demonstrates a business model that supports widespread commercial application of the technologies implemented in the project.

Expression of Interest

The applicant may demonstrate merit by describing briefly:

- the main technical outcome to be delivered by the project, including key milestones and dates
- the track record and experience of the applicant in developing and demonstrating the technology outlined in the project proposal
- the innovative aspects of the project that represent a significant step forward in the demonstration, commercialisation or deployment of the technology.

Full Application

The applicant may demonstrate merit by detailing:

- the technology choices and rationale, including the relationship to the technology providers
- resource data supporting technology choice
- the technology readiness of each key technology including the accreditation of the technology and international and/or Australian application
- experience in implementing at scale whole system solutions including storage, integration and control systems for renewable energy and/or integrated generation systems
- a business model to facilitate funding for the implementation and operation of renewable energy systems.

F.

The overall risk associated with the project including, without limitation: compliance, technical, planning and financial risks.

The applicant may demonstrate merit by:

- describing briefly the key technical, planning and financial risks associated with the project together with appropriate mitigation measures for each risk
- a Compliance Table stating any general conditions of the draft Funding Agreement that the applicant does not accept, accepts in part or does not consider to be applicable to its project. This Compliance Table must include reasons why the applicant does not accept, accepts in part or does not consider a general condition to be applicable to its project.

Full Application

To enable assessment of full applications against this merit criterion, applicants must provide:

- a comprehensive Risk Management Plan, in accordance with relevant industry standards and best practice for this type of proposal. This risk management plan must identify and assess the full range of technical, financial and other project risks, the treatment strategies proposed for these risks and the residual risk to the project remaining after the proposed treatments have been applied. A template for a Risk Management Plan is available on the ARENA website. The Risk Management Plan's assessment of financial risks should include discussion of how these risks are mitigated through an appropriate allocation of risk between ARENA and the project participants
- a Compliance Table stating any general conditions of the draft Funding Agreement that the applicant does not accept, accepts in part or does not consider to be applicable to its proposal. This Compliance Table must include reasons why the applicant does not accept, accepts in part or does not consider a general condition to be applicable to its proposal.

Appendix D – Funding Arrangements

This appendix outlines further details regarding Funding Agreements under ASCI.

The Funding Agreement provides the legal framework for payment of the grant of funding and for conducting the project. The schedules to the Funding Agreement will reflect the details that applicants provide in their proposal (as may have been negotiated by the parties) and will set out the activities and payments agreed for the project and establish compliance and reporting obligations for the grant recipient.

The Funding Agreement will:

- be consistent with the Guidelines
- specify the amount of the grant and the timing and conditions of payments of this funding
- specify that payment of the grant will be conditional upon continued satisfactory progress against agreed milestones
- include a capacity development or operation and maintenance commitment component to avoid stranded assets or assets that fall into disrepair due to the lack of knowledge and funds to maintain them
- specify any stage gate criteria applying to the grant and the conditions attached to these stage gate criteria
- require the recipient to conduct the project for which the grant is to be paid
- require the recipient to keep records relating to the conduct and management of the project
- require the recipient to facilitate and cooperate with any independent evaluation of the program
- provide for inspection by ARENA of any premises where the project is undertaken and any records relating to the conduct and management of the project
- require the recipient to report to ARENA on the conduct and management of the project
- require the recipient to report on the implementation of their Australian Industry Participation Plan, if they are required to have one
- require the recipient to acknowledge ARENA funding for the project in any public statements about the project
- require the recipient not to issue any public statements about the project without the approval of ARENA
- provide for variation and termination of the Funding Agreement
- provide for recovery of the grant in certain circumstances
- require the recipient to comply with all applicable Commonwealth, State and Territory laws
- include any other matters considered necessary by ARENA
- include any special conditions required by ARENA.

The Funding Agreement may also include provisions:

- for the sharing of information with relevant Commonwealth, State or Territory government agencies
- requiring recipients to provide information on the outcomes and performance of the project for dissemination in Australia or overseas
- requiring the recipient to develop, implement and update an agreed Risk Management Plan
- requiring the recipient to develop, implement and update an agreed Intellectual Property Management Plan
- requiring the recipient to develop, implement and update an approved Community Consultation Plan for the project
- requiring the recipient to develop, implement and update an approved Knowledge Sharing Plan
- to negotiate a payment from the recipient, on the eventuality of the project becoming profitable.

Goods and Services Tax (GST)

The total funding payable to the funding recipient by ARENA does not generally include an amount to cover GST. Applicants are advised to consider the likely implications of the *A New Tax System (Goods and Services Tax) Act 1999* (GST Act) on the funding provided by ARENA.

Applicants are encouraged to seek their own advice on the treatment of funding under the agreement.

Where GST is payable, ARENA will increase the funds payable to the funding recipient by the amount of GST that is payable for the purposes of the GST Act. For example, if payment due at a particular milestone is \$1.0 million and GST is payable on this amount, then ARENA will increase the payment amount provided to the funding recipient to \$1.1 million.

ARENA

Further information on initiatives and individual projects is available on ARENA's website
arena.gov.au

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