



Australian Government
Australian Renewable Energy Agency

ARENA

RESEARCH AND DEVELOPMENT PROGRAM

INFORMATION MANUAL



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1 OVERVIEW

1.1 PURPOSE

The purpose of the Research and Development Program Information Manual (the Manual) is to explain, clarify and expand upon the requirements for the Research and Development Program (the Program) set out in the Research and Development Program Guidelines (the Guidelines). This document provides guidance to potential applicants wishing to apply for funding from the Program and establishes the policies and practices intended to be adopted by ARENA in administering the Program.

The Manual may be revised and reissued in 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 Program'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 the meaning defined in Part 7 - GLOSSARY, unless otherwise indicated. When italicised *projects* and *funding arrangement* have the meaning in the glossary, but otherwise have their common meaning.

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

1.2 INTRODUCTION

The Australian Renewable Energy Agency (ARENA) was established on 1 July 2012 through the *Australian Renewable Energy Agency Act 2011* (Cth) (ARENA Act) with a remit to improve the competitiveness and increase the supply of renewable energy in Australia. To better define how ARENA will achieve its legislated objectives, ARENA develops a General Funding Strategy for each three year period. The General Funding Strategy is used as the basis on which financial assistance is provided by ARENA. For each three year period 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.

In its 2012/13-2014/15 Investment Plan, ARENA identified the need to continue to consolidate Australia's world-class solar skills and capabilities through its Building Australia's Next Generation Solar supporting initiative. In its 2013/14-2015/16 Investment Plan, ARENA indicated that it would investigate expanding research and development support beyond solar. This Program delivers these initiatives by supporting the next generation of promising renewable energy technologies.

The Program aims to support research in renewable energy technologies that will increase the commercial deployment of renewable energy technology in Australia and will help Australia strengthen its strong global position. This will be achieved by investing ARENA funds to leverage third party investment. ARENA will reward projects that have a clear path to market by 2040.

Priority will be given to projects in technology areas that have good prospects for commercialisation, where Australia currently has a world class position and/or that address conditions specific to Australia. Projects must predominantly take place in Australia, but international collaborations are welcome.

In any funding round ARENA may call for proposals to address specific Program priorities. These priorities will be set out in updated versions of this Manual and published on the ARENA website from time to time.

Funding will be allocated through competitive rounds, unless otherwise advised by ARENA.

While there is no separate stream supporting post-graduate research, funding for post-graduate research may be supported as part of a *project* application.

1.3 OBJECTIVES OF THE PROGRAM

The objectives of the Program are to provide funding to:

- support a portfolio of excellent research and development projects in priority renewable energy technologies that maintain or build on Australia's world class position and/or that address conditions specific to Australia;
- support the growth of skills, capacity and knowledge for Australian renewable energy technology research and development; and
- attract investment to improve the commercial readiness of priority renewable energy technologies.

Guidelines section 1.7

1.4 OUTCOMES OF THE PROGRAM

The Program is expected to deliver:

- a range of high quality research and development projects which enhance Australia's world-class research position and/or addresses conditions specific to Australia and complement ARENA's existing portfolio of projects;
- an increase in skills, capacity and knowledge in priority renewable energy technologies within Australia; and
- an increase in investment that improves the commercial readiness in priority renewable energy technologies.

Guidelines section 1.8

1.5 PROGRAM FEATURES

The Manual applies only to this Research and Development Program.

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, in its absolute discretion, elect not to fund an otherwise meritorious project, if the aims or outcomes of that project are the same as, or similar to, the aims and outcomes of a project that has previously been funded. ARENA's current portfolio of projects is listed on its website.

In any funding round ARENA may call for proposals to address specific priority renewable energy technologies and may include other priorities particular to that round. Funding will be allocated through competitive rounds, unless advised otherwise.

Priorities - including the priority renewable energy technologies - will be advised in the

Program Information Manual and on the Program's webpage. These resources can be accessed from the ARENA website at www.arena.gov.au.

Guidelines sections 1.5, 1.6

To assist applicants, further details on priorities and rounds is set out at APPENDIX A.

ARENA defines a *Research and Development Project (Project)* as research and development activities involving a renewable energy technology that:

- is between *Technology Readiness Level (TRL) 2* and 6; and
- meets the Program's priorities as advised in the Manual and on the Program's webpage on the ARENA website.

Guidelines section 2.2

The Technology Readiness Level (TRL) index is a globally accepted benchmarking tool for tracking progress and supporting development of a specific technology through the early stages of the innovation chain, from blue sky research (TRL 1) to actual system demonstration over the full range of expected conditions (TRL 9). A pictorial representation of the TRLs and Commercial Readiness Indexes is shown in Figure 1. The figures demonstrate that researchers can be considering how their research becomes commercial at an early stage. This Program rewards projects that can identify a pathway to commercialisation. The CRI extends to when the technology or application is being commercially deployed and has become a bankable asset class.

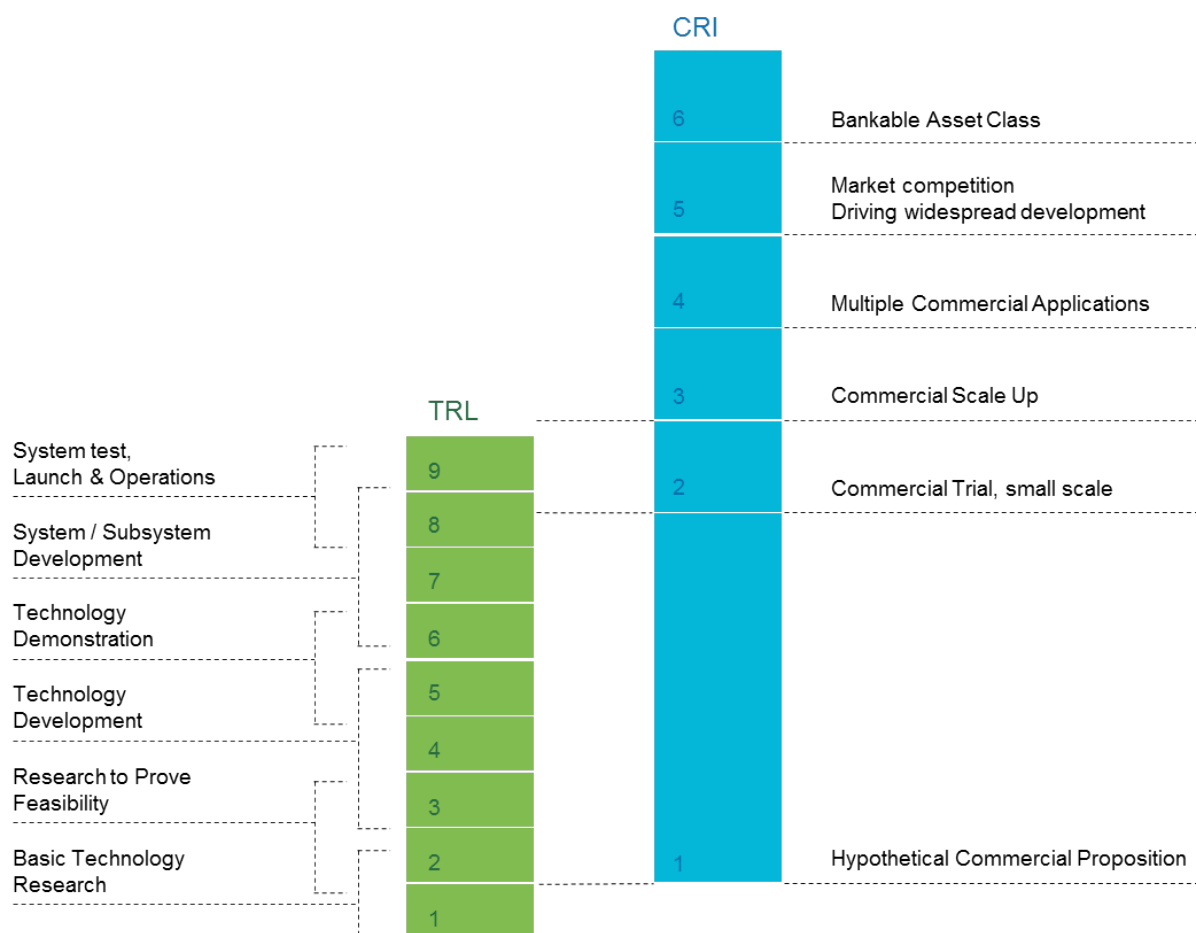


Figure 1 - TRL and CRI framework

There are various TRL rating scales that may be applicable to various technologies. For the purposes of this Program, ARENA uses the following scale for renewable energy technologies (showing TRL 1 to TRL 7)¹:

TRL 1	Basic principles observed and reported: Transition from scientific research to applied research. Essential characteristics and behaviours of systems and architectures. Descriptive tools are mathematical formulations or algorithms.
TRL 2	Technology concept and/or application formulated: Applied research. Theory and scientific principles are focused on specific application area to define the concept. Characteristics of the application are described. Analytical tools are developed for simulation or analysis of the application.
TRL 3	Analytical and experimental critical function and/or characteristic proof-of concept: Proof of concept validation. Active Research and Development is initiated with analytical and laboratory studies. Demonstration of technical feasibility using <i>breadboard</i> or <i>brassboard</i> implementations that are exercised with representative data.
TRL 4	Component/subsystem validation in laboratory environment:

¹ This scale is based largely on the NASA TRL scale, defined at http://esto.nasa.gov/files/TRL_definitions.pdf

	Standalone prototyping implementation and test. Integration of technology elements. Experiments with full-scale problems or data sets.
TRL 5	System/subsystem/component validation in relevant environment: Thorough testing of prototyping in representative environment. Basic technology elements integrated with reasonably realistic supporting elements. Prototyping implementations conform to target environment and interfaces.
TRL 6	System/subsystem model or prototyping demonstration in a relevant end-to-end environment: Prototyping implementations on full-scale realistic problems. Partially integrated with existing systems. Limited documentation available. Engineering feasibility fully demonstrated in actual system application.
TRL 7	System prototyping demonstration in an operational environment: System prototyping demonstration in operational environment. System is at or near scale of the operational system, with most functions available for demonstration and test. Well integrated with collateral and ancillary systems. Limited documentation available.

Only *projects* that are between a TRL of 2 and 6 are eligible for funding under the Program. Funding is not available for projects that are at TRL 1, or TRL 7 (or above).

More information on the Commercial Readiness Index is available on the [ARENA website](#).

For the purposes of this Program, research and development activities:

- are characterised by their originality, with the primary objective of the works being investigation, the outcomes of which will be new knowledge and may lead to practical applications, new improved materials, products, processes or services;
- includes specialised scientific and technical information services, post-graduate research, the design, construction and testing of prototypes (pilot plants where new data is evaluated); and
- does not include implementing innovations (including trial production and copying of prototypes), education and training of students (except post-graduate research), maintenance of national and international standards, feasibility studies, marketing and market studies.

Guidelines section 2.3

While there is no separate stream dedicated to post-graduate research, funding for post-graduate research will be supported where it is part of a *project*.

1.6 PROGRAM FUNDING MODEL

As outlined in its 2013/14-2015/16 Investment Plan, ARENA has allocated up to \$300 million from 2013 to 2022 to develop ARENA's research and development portfolio.

Funding for the Program will come out of these funds and is available until the Program funds have been exhausted or until the ARENA Board decides to close the Program.

The amount of funding available in a particular round, and the minimum and maximum amount of funding that may be allocated to individual projects for each round, will be outlined and subject to the conditions set out in the Manual and the Program's webpage. These resources can be accessed from the ARENA website at www.arena.gov.au.

All funding made available under the Program will be in the form of grants. No grant under the Program can exceed \$10 million.

Guidelines sections 1.14, 1.15, 1.16, 1.17

The Program is designed to allow for flexibility while maximising public value for money and the expected economic benefits from the funding allocated to the Program. ARENA has developed the guidance set out in this Manual based on the types of funding requests it expects to receive under the Program. This guidance recognises that *projects* may be at different stages in terms of development and may therefore require different amounts of funding support.

Applicants may apply for any amount of *project* funding, however applicants should be mindful that a strong case will be needed to justify seeking a funding amount that exceeds the funding allocation amount as set out on Appendix A, or that is outside of the scope of the Program Funding Parameters set out below.

PROGRAM FUNDING PARAMETERS

- The expected minimum or maximum amount of funding available per *project* is set out in APPENDIX A in respect of each round (noting that no grant can be above \$10 million).
- ARENA is seeking to fund *projects* that offer high value for its contribution to the total project cost.
- Only in exceptional circumstances will ARENA consider funding the majority of the costs of a single *project*.
- *Projects* in which post-graduate research comprises the majority component of funding requested may be found to be less meritorious.

One of the merit criteria for all *projects* is the extent to which the applicant, participating institution(s) or entity(ies) (or both) support and demonstrate genuine commitment, both cash and in-kind, to the *project* and its outcomes. One of the measures for this criteria is the proportion of the funding sought by an applicant under the Program, compared with the total cost of the *project*.

Applicants should bear in mind that a greater degree of commitment of funding from sources other than ARENA for the *project*, may be considered to provide higher value for money. Applicants should refer to APPENDIX C for more information on the merit criteria.

In its absolute discretion, ARENA may elect to offer applicants a higher or lesser amount of funding than what is sought by an applicant, and may attach conditions, or requirements to any funding offer.

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

Email: proposals@arena.gov.au

Only responses from the email address proposals@arena.gov.au or published on the ARENA website will be regarded as official for the purposes of communication with applicants. Any communication or responses made other than from the email address proposal@arena.gov.au or published on the ARENA website at www.arena.gov.au should not be relied on by 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

Applications are invited, and can be submitted, any time during the expression of interest (EOI) period. EOIs must be submitted before the Closing Time specified in APPENDIX A.

An applicant may submit more than one proposal and may participate in other *projects* as a participating institution or entity.

The application process involves two stages:

- an EOI; and
- a full application.

The EOI stage may be waived at the sole discretion of ARENA, in which case the application process will involve a single full application process only. Applicants will be advised if the EOI stage is waived for any round via the Manual.

The EOI stage of the process involves submission of an EOI application in order for ARENA to determine the eligibility and potential merit of the proposed project. Applications which are incomplete and do not provide sufficient and verifiable information for ARENA to assess merit will be deemed ineligible. Only those applicants that have submitted successful EOIs will be invited to progress to the full application stage of the process. 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 EOIs and full applications will then be assessed against the merit criteria. Ineligible EOIs and full applications (as the case may be) will be deemed unsuccessful.

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

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

Only EOIs and full applications that address each merit criterion may be invited to submit a full application or be offered funding (as the case may be). ARENA may discontinue assessing low merit applications at EOI or full application stage.

The information required from applicants in the EOI stage 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.

In planning *projects*, applicants should allow time in their project plans for assessment and consideration of their proposal by ARENA and the negotiation and execution of a *funding arrangement*.

2.2 COLLABORATION

ARENA may seek to work from time to time with applicants or potential applicants and their participating or prospective institution(s) or entity(ies) to initiate or to develop proposals, with the consent of respective parties.

Further details of how ARENA may assist applicants are provided in the Manual.

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.

When facilitating collaborations, ARENA is not responsible or liable for any comments, consultation or assistance provided by ARENA, its staff or any associates, 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

Expression Of Interest

If the application process involves an EOI process, applicants must submit their EOIs by the closing date and time specified in APPENDIX A

ARENA has discretion to extend the EOI Closing Date, by advertising a new closing date on the Program webpage on ARENA's website. EOIs submitted after the EOI Closing Date may not be considered by ARENA for funding.

Full application

Applications must be submitted by the closing date and time specified in APPENDIX A .

ARENA has discretion to extend the Application Closing Date, by advertising a new closing date on the Program webpage on ARENA's website. Applications submitted after the Application Closing Date may not be considered by ARENA for funding.

On-line applications

EOIs and full applications must be submitted using ARENA's Grants Management System, ARENA OmniNet or as otherwise directed by ARENA. ARENA will give applicants access to any on-line system via ARENA's website.

Limits

The on-line application system prescribed by ARENA may include a mix of mandatory fields, optional fields (including some free text fields) and attachments to be provided by the applicant.

Strict word limits may apply at various points when completing an application. Where these words limits apply, applicants may indicate to ARENA that they have further information available in support their application. If this is the case, ARENA may, in its discretion, request an applicant to provide further information. ARENA is not obliged to request or consider this information in its assessment.

Where a page limit is prescribed in ARENA's application system or in any program documentation, and an applicant provides a document in response which exceeds that limit, ARENA may elect to stop reading the document at the end of the last page of that prescribed limit. ARENA is not obliged to consider any of the information in the document that exceeds the prescribed page limit.

Applicants should take care to ensure they have comprehensively completed each section of the application form when preparing an application.

Determination of *project* costs, budgets and funding sources must be in accordance with the Eligible Expenditure guidelines detailed at APPENDIX D.

Various documents are required to be completed and submitted as a part of an application for each funding stage. These documents are listed below.

2.4 PROJECT APPLICATION REQUIREMENTS

To assist applicants, further details on the types of information required at the EOI and full application stages is set out at APPENDIX C. The following is an overview:

EOIs must include:

- brief descriptions of the quality credentials of the applicant and the relevant research expertise of the key personnel;
- the resources the applicant will use to deliver the *project*;
- the indicative project stages, milestones and duration (note, it is not necessary at the EOI stage to provide a full project plan or Gantt chart);
- an indicative budget for the *project*;
- how the applicant will create and share knowledge and information from the *project* (note, it is not necessary to prepare a full Knowledge Sharing Plan at the EOI stage).

Full applications must include:

- more details of the quality, capability and capacity of the applicant and the key personnel;
- examples where the applicant and / or the key personnel have successfully progressed the outputs of other research projects towards commercial readiness;
- any similar research and development projects managed by the key personnel in the last five years, and whether these were completed on time and on budget;
- a well-articulated project plan, including: project phases and stage-gates (if relevant), objectively verifiable milestones and deliverables; duration of the *project* (and each phase, if relevant); any periods where the *project* is dormant; and indicative start and end dates;
- a Risk Management Plan that includes key technical and personnel risks of the *project* and how these will be managed including Work Health & Safety requirements where relevant;
- a WHS Management Plan as per the requirements of APPENDIX C of this manual,
- a Compliance Table stating any general conditions of the draft *funding arrangement* that the applicant does not accept, accepts in part or does not consider to be applicable;
- a detailed budget for the *project*;
- evidence of support by participating institution(s) and/or organisation(s), including their commitment to provide the specified cash and in-kind contributions;
- information to confirm the applicant has the financial strength to be able to provide its share of the funding or in-kind contributions for the duration of the *project*;
- a Knowledge Sharing Plan which sets out how knowledge and information from the *project* will be collected, analysed, stored, used and shared; and

- an Intellectual Property Management Plan.

Templates for various plans and attachments are available on the Program's webpage, accessed from the ARENA website at www.arena.gov.au.

If an EOI or a full application (as the case may be) is received by ARENA and does not include the information specified in APPENDIX C (in the format set out in ARENA's prescribed on-line application system) ARENA may (in its absolute discretion) decline to assess the EOI or application, or seek supplementary information or clarification from the applicant.

2.5 ELIGIBILITY CRITERIA

To be eligible for funding under through the Program, an applicant must meet all of the following eligibility criteria:

- The applicant must be an eligible research institution, university or business as defined by the Manual; and at the time of entering into a funding arrangement, the applicant must hold an Australian Business Number (ABN).
- The applicant must be able to demonstrate to the satisfaction of ARENA that the *project* described in the proposal meets the definition of a *project* as defined at section 2.2 of the Guidelines.
- The applicant must be able to demonstrate to the satisfaction of ARENA that the project will take place primarily in Australia. For projects involving international collaborations, the applicant should refer to the Manual for guidance on the proportion of work which will take place outside Australia.
- The applicant must warrant it has ownership of, access to, or the beneficial use of, any intellectual property necessary to carry out the *project*.
- The applicant must not be named as an organisation that has not complied with the *Workplace Gender Equality Act 2012* (Cth).
- The applicant must agree it will enter into an agreement with ARENA to publicly share knowledge and information about, and resulting from, the *project* described in its proposal.
- The applicant must comply with any other requirements specified in the Manual or otherwise advertised by ARENA.

Guidelines sections 2.9

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

2.6 MERIT CRITERIA

Upon determining that applicants and their proposals are eligible for funding under the Program, the merit of eligible applicants and their proposals will be assessed for overall value for money against the Program's merit criteria. The merit criteria are equally weighted.

Only proposals that address each merit criterion may be successful.

The merit of eligible applications will be assessed for overall value for money against the following merit criteria:

- The quality, capability and capacity of the applicant, and other participating institution(s) or entity(ies), to deliver the proposed outcome of the *project*, including its capability to progress the *project* towards commercial readiness.

- B. The relevance and/or significance of the *project* to meet the Program's objectives and priority renewable energy technologies for the individual round.
- C. The strength of the technical design, research methodology and project planning to deliver the aims of the *project*, including the level of risk and how the risk will be managed.
- D. The extent to which the applicant, participating institution(s) and/or entity(ies) support and demonstrate genuine commitment, both cash and in-kind, to the *project* and its outcomes.
- E. The extent to which knowledge and information from the *project* is collected, analysed, stored, used and shared.

Guidelines section 2.10

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

2.7 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 2.9 of the Guidelines and APPENDIX B to the Manual. 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 2.10 of the Guidelines and APPENDIX C to the Manual.

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.

If at any time during the process, ARENA determines that an EOI or full application is of low merit, ARENA may elect to discontinue its assessment of the EOI or full application (as the case may be).

In its absolute discretion, ARENA may, at any time during the process, modify the due diligence activities it proposes to undertake when assessing a proposal, considering the value, size and complexity of the proposal. Due diligence activities may include, but are not limited to, inviting the applicant to present on its proposal to ARENA, commissioning or completing relevant research, analysis and modelling to support project assessment, and contacting any relevant state, territory and international government agencies, project partners or other relevant parties in respect of an applicant's proposal.

2.8 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.

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

3 FUNDING ARRANGEMENTS

3.1 OVERVIEW

Applicants are required to enter into a *funding arrangement* with ARENA before funding will be paid. The *funding arrangement* will provide the legal framework for the obligations of each party and terms around payment.

ARENA may provide funding under the Program through the establishment of, or variation to, a head agreement between ARENA and the applicant where there is expected to be multiple *projects*. However, ARENA may establish a funding agreement directly with the applicant for an individual *project*.

Applicants can view examples of *funding arrangements* on ARENA's website - however, applicants should note that the *funding arrangements* on ARENA's website may differ in content to the *funding arrangement* (if any) entered into by the applicant and ARENA.

3.2 FUNDING OFFERS

- All funding offers and any payment of funds under the Program are conditional upon the execution of:
 - a funding agreement with ARENA;
 - a new head funding agreement between ARENA and the applicant; or
 - a variation to an existing head funding agreement between ARENA and the applicant.
- Applicants must keep funding offers confidential until the execution of such a document by both the applicant and ARENA. All public communication by the applicant between application lodgement and agreement signature can only be done with ARENA's consent.
- ARENA may withdraw its offer of funding, at its absolute discretion, should an applicant not comply with section 3.2.

Guidelines sections 3.1, 3.2, 3.3

All funding offers under the Program are conditional upon:

- the applicant's execution of a *funding arrangement* with ARENA
- the availability of the proposed funds
- ARENA obtaining the necessary approvals to enter into the *funding arrangement* and to spend the funds, and
- ARENA executing the *funding arrangement*.

Applicants offered funding under the Program are required to enter into a legally binding *funding arrangement* with ARENA. All applicants offered funding will have a negotiation period, as specified in the letter of offer, in which to negotiate and execute the *funding arrangement* with ARENA. Failure to execute within this period may result in withdrawal of the funding offer.

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

ARENA reserves the right to terminate contract negotiations if an applicant raises a new issue regarding compliance with the *funding arrangement* that they did not raise in their compliance statement at the time of submitting a *project* application.

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

3.3 FUNDING ARRANGEMENT

The funding agreement or head funding agreement will provide the legal framework for the obligations of each party and terms around payment.

Details of the negotiation process are provided in the Manual.

Details of the process for management and variation of the funding agreement or head funding agreement will be as set out in the Manual and the agreement.

Guidelines sections 3.4, 3.5, 3.6

Funds will not be provided to successful applicants unless the requisite *funding arrangement* between ARENA and the applicant has been finalised, has legally commenced and any conditions precedent have been met.

Once a *funding arrangement* has been executed, ARENA will make an announcement and publish details on its website.

3.4 VARIATION TO FUNDING ARRANGEMENT

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

In considering a request to vary a *funding arrangement*, ARENA may consider the impacts the variation may have on the basis for selection of the *project*, including:

- whether the *project* would remain consistent with the policy objectives and outcomes for the Program
- whether the *project* would still satisfy the Program's eligibility and merit criteria
- whether the proposed changes would affect the likelihood of the *project* satisfying the agreed milestones and stage gate criteria
- whether the proposed changes are appropriate in the circumstances.

Approval of variations to a *funding arrangement* is at the absolute discretion of ARENA. All variations will be by written agreement of the parties.

ARENA may engage relevant expertise to assist with the assessment of requests to vary *funding arrangement*.

3.5 MONITORING AND EVALUATION OF RESEARCH AND DEVELOPMENT PROJECTS

Monitoring and reporting requirements will be specified in the schedule of the funding arrangement 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 schedule of the funding arrangement (as the case may be). To demonstrate the performance of their *project* against the agreed performance milestones and stage gate criteria, *funding arrangements* will specify the reports that funding recipients will be required to provide. These reports 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 are likely to experience any significant issues or delays.

ARENA may terminate a funding arrangement or suspend further payments of funding where a *project* fails to meet agreed milestones or stage gate criteria.

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

More information on reporting requirements can be found in the draft *funding arrangement* on the ARENA website.

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 arrangement*).

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

A condition of funding through the Program is agreement to a Knowledge Sharing Plan about the funded *project* to inform industry and the broader community about the development of, and findings from, the *project*.

Applicants must provide a Knowledge Sharing Plan as part of a full application. An approved Knowledge Sharing Plan will form part of the funding arrangement for the *project*. A template for Knowledge Sharing Plans is available on the ARENA website.

ARENA identifies the minimum requirements of the Knowledge Sharing Plan in the Manual. From time to time ARENA may amend the knowledge sharing requirements, including the Knowledge Sharing Plan template. Once a funding agreement has been executed for a project, the knowledge sharing requirements for that project may be varied from time to time as set out in the funding agreement.

Guidelines sections 4.1, 4.2, 4.3

Knowledge sharing refers to both a high level ARENA strategic objective and to specific activities and requirements that apply to all ARENA-funded activities.

At a strategic level, ARENA wants to ensure that each and every activity that it supports contributes to the store of publically available data, information and knowledge about renewable energy in Australia. ARENA considers knowledge sharing an essential, public-good outcome arising from the investment of public funds in renewable energy research and development projects.

In common with all ARENA programs each grant recipient will be required to implement a Knowledge Sharing Plan that determines how data, information and knowledge generated in the course of implementing any ARENA funded activity will be collected, analysed, stored, used and disseminated.

The knowledge sharing required to support the Program's objectives and outcomes 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.

A proposed Knowledge Sharing Plan is required as part of a *project* funding application and a final approved Knowledge Sharing Plan will be negotiated as part of the *funding arrangement* for the *project*. A template for the Knowledge Sharing Plan 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
- reports prepared by the recipient for public release on progress with the *project* and its outcomes
- where relevant, case studies and similar documentation prepared by the recipient for publication describing the *project*.

In addition, the Knowledge Sharing Plan will:

- identify the information that:
 - can be released into the public arena;
 - the applicant will provide to ARENA, but is to be treated as commercially confidential by ARENA; or
 - the applicant wishes to keep confidential
- provide for presentations by the applicant on the progress of the *project* to relevant audiences
- encourage and facilitate the sharing of information about the *project* with other stakeholders, including with other research bodies in similar fields, the energy sector and other relevant industries
- include an Intellectual Property Management Plan that includes and identifies:
 - any third party background intellectual property, and steps 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 licensing arrangement required
 - how intellectual property created during the course of the project will be identified, owned and, if appropriate, commercially exploited.

Applicants should be aware that the *Freedom of Information Act 1982* (Cth) (*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

The ARENA Board is responsible for approving the entering into of contracts and approving financial assistance under the Program.

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

Guidelines sections 5.1, 5.2

The ARENA Board may provide advice to the Minister for Industry (Minister) and the Australian Government Department of Industry on the Program in accordance with the ARENA Act.

The administrative framework for the Program 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 Investment Plan
- the Manual
- the delegations from ARENA, the ARENA Board and the CEO
- the draft *funding arrangement*
- any other program documentation approved by ARENA.

ARENA may make policies and issue guidance documents for the administration of the Program, which should be consistent with the Guidelines, but in the event of any inconsistency real or perceived between these documents and the Guidelines, the Guidelines shall prevail.

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

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

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

5.2 CONFIDENTIALITY AND DISCLOSURE OF INFORMATION

Subject to section 5.4, information of a confidential nature which is 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, including commercial-in-confidence information, provided by applicants:

- » 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 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; and
- » where authorised or required by law to be disclosed.

Guidelines sections 5.3 and 5.4

The 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 arrangement* will govern the treatment of confidential information if and when a *funding arrangement* 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 information ought to be treated as commercial-in-confidence.

5.3 USE OF APPLICANTS' INFORMATION

ARENA, including its internal management, agents and advisers, will use the information provided by applicants and grantees 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 provides an applicant's information to a third party, ARENA will require these parties to treat all information which is confidential in nature, as commercial-in-confidence information.

5.4 PRIVACY

In administering the program, 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 Program 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 Program.

5.5 REVIEW OF DECISIONS AND COMPLAINTS

Complaints concerning assessments or processes will, in the first instance, be reviewed by ARENA. If ARENA cannot resolve the complaint within 30 business days of receiving the complaint, ARENA must notify the applicant of the identity of a nominated Complaints and Review Officer and of the next steps. If the applicant is not satisfied with the complaint resolution procedure, the applicant can approach the Commonwealth Ombudsman for

external review of the administrative actions of ARENA.

Guidelines section 5.5

If the applicant is not satisfied with ARENA's complaint resolution procedure, the applicant can approach the Commonwealth Ombudsman for external review of the administrative actions of ARENA. The Commonwealth Ombudsman can be contacted by telephoning 1300 362 072 or by writing to the relevant contact address specified on the Ombudsman's website at www.ombudsman.gov.au.

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* (Cth) (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.

If a recipient 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 terminate the recipient's *funding arrangement*.

5.7 CHANGES TO CIRCUMSTANCES

Applicants must notify ARENA promptly and in writing of any change to a proposal that could affect the basis upon which the applicant will have access to the necessary skills, resources or corporate or financial backing to undertake the proposed *project*. ARENA will consider the notification as a part of the process of assessment of the proposal, which may prolong the assessment so as to allow ARENA suitable time to assess the additional information, and the impact (if any) the change in circumstances may have on the *project*.

5.8 APPLICANT'S RESPONSIBILITIES

Subject to the terms of any *funding arrangement* 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 Program. ARENA may deem any proposal unsuccessful, should it be 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 Program.

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 part 6 of the Manual.

5.9 NO CONTRACT OR UNDERTAKING

Despite anything in this Manual, Guidelines, or in any EOI or full application submission, or any other documentation that forms part of this process (in part or together), by submitting an EOI or full application, 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 process in relation to the Program in any manner or at all, and that there is in fact no such contract or other relationship in existence;
- accordingly, acknowledges that neither this Manual, Guidelines, or in any EOI or full application submission will create any legal or other obligation upon ARENA to conduct the process in any manner or at all; and
- 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 process in any manner or at all.

5.10 WORK HEALTH AND SAFETY

All organisations have obligations under relevant Work Health Safety (WHS) law (as persons conducting a business or undertaking) to ensure the health and safety of workers so far as is reasonably practicable and that the health and safety of other persons is not put at risk from their undertakings. This obligation includes funding recipients ensuring that safe systems of work are in place for each of their activities. ARENA expects applicants to be committed to health and safety management in the proposed project.

ARENA also has a policy of ensuring that it enters into agreements with or provides funding to only those organisations that take a proactive approach to managing work health and safety risks in accordance with the requirements of WHS law. For information on our requirements, please refer to the Information Manual.

Guidelines sections 5.11, 5.12

Applicants are required to demonstrate their commitment to:

- developing a WHS Management Plan for the project activity, and
- WHSMS accreditation to a recognised standard such as *AS/NZS 4801:2001 Occupational health and safety management systems* and WHS compliance reviews as appropriate to the risk profile of the project (see Appendix C merit criterion F), and in relation to construction projects, achieving accreditation under the Australian Government Building and Construction OHS Accreditation Scheme (see section 6.7).

5.11 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 Program
- cease working with an applicant at any time at its discretion

- amend the Manual, including altering the details of the Program, 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 Program
- 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 this Manual is for the sole convenience of ARENA. The establishment of a time or date in this 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.

ARENA may, but is not obliged to, notify affected applicants if ARENA exercises any of its rights listed in this section 5.11, but will not be obliged to provide any reasons for its actions.

5.12 CONFLICTS OF INTEREST

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

All consultants and advisers engaged by ARENA to assist:

- in the assessment of an EOI or full application, or
- in the preparation of new or variations to head funding agreements or funding agreements,

will be required to disclose any conflicts of interest they may have in relation to applicants and may be excluded from work if required under ARENA's conflict of interest procedure.

Guidelines sections 5.8, 5.9

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 Program. 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; and
- 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 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 arrangement* 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.

5.13 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:

- participating members, subcontractors or other organisations involved in a project; or
- other 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 the Program. 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 arrangement* 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 arrangement*. Such access will apply for the term of the *funding arrangement* and for a period of seven years after the date of termination or expiry of the *funding arrangement*.

6.2 ANTI-TERRORISM

ARENA will not enter into a *funding arrangement* 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.

6.3 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).

6.4 EQUAL OPPORTUNITY

The Australian Government 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). To be considered for funding under the Program, the applicant must 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.

6.5 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_tcm2-1129.pdf.

6.6 ENVIRONMENTAL REGULATION

Funding recipients will be required through the *funding arrangement* 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 (OHS) 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 Supporting 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 the Supporting Guidelines apply to all construction activity undertaken by, or on behalf of funding entities irrespective of the value of a project. The Code and Supporting 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 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; and
 - the head contracts for building work are greater than \$3 million (GST inclusive).

Further information about the Code and Guidelines is available at www.employment.gov.au/building-code-2013. Further information about the Scheme is available at www.fsc.gov.au.

Eligible full applications for construction projects to be funded by ARENA:

- must still include a WHS Management Plan and a Project Lifecycle Critical WHS Risk Register (see APPENDIX C); and
- will still be assessed for overall value for money against all merit criteria, including those merit criteria that incorporate WHS requirements (that is, merit criteria C).

7 GLOSSARY

Applicant - An eligible institution as defined in the Manual at APPENDIX B that has submitted a proposal for funding under the Program.

Brassboard - An experimental or demonstration test model, intended for field testing outside the laboratory environment. A brassboard contains both the functionality and approximate physical configuration of the final operational product.

Breadboard - An early prototype model for an electronic device.

Conflict of interest - A situation where a person makes a decision or exercises a power in a way that may be, or may be perceived to be, influenced by either material personal interests (financial or non-financial) or material personal associations.

Consultant - A consultant engaged by ARENA pursuant to section 63 of the ARENA Act to provide services to assist ARENA in the performance of its functions.

Corresponding WHS Law - As defined in the *Work Health and Safety Act 2011* (Cth), means each of the following:

- the Work Health and Safety Act 2011 of New South Wales
- the Occupational Health and Safety Act 2004 of Victoria
- the Work Health and Safety Act 2011 of Queensland
- the Occupational Safety and Health Act 1984 of Western Australia
- the Work Health and Safety Act 2012 of South Australia
- the Work Health and Safety Act 2012 of Tasmania
- the Work Health and Safety Act 2011 of the Australian Capital Territory
- the Work Health and Safety (National Uniform Legislation) Act 2011 of the Northern Territory
- any other law of a State or Territory prescribed by the regulations, as amended from time to time.

Eligibility criteria - The eligibility criteria for *projects* listed in section 2.5 in the Manual and section 2.9 of the Guidelines.

Eligible expenditure - Expenditure of the kind set out in APPENDIX D.

Funding arrangement - The agreement between a recipient and ARENA for funding under the Program. This includes a head funding agreement or an individual funding agreement. Both agreements consists of two parts - the General Conditions and the Schedule:

- General Conditions - The predetermined standard contract approved by ARENA; and
- Schedules - The specific information and conditions that are consistent with the funding offer of one or several projects.

General Funding Strategy - The document made under Subdivision A, Division 2, Part 3 of the ARENA Act.

Grant - An amount awarded for a particular *project* in return for the completion of specified milestones. A grant is not to be confused with a gift or a loan. In the case of the Program, the grant is the amount identified in the *funding arrangement*. Grants are subject to normal taxation treatment as income and no special taxation arrangements will apply to grants under the Program.

Guidelines - The Research and Development Program Guidelines.

Head Funding Agreement - An agreement entered into by ARENA with an institution that has multiple projects receiving funding. This may include projects from more than one program. Individual projects are listed as schedules to the agreement.

Investment Plan - The ARENA Investment Plan, a document that ARENA releases annually, outlining ARENA's investment programs and initiatives.

Merit criteria - The merit criteria listed in section 2.6 for *projects* in the case of the Manual, and section 2.10 of the Guidelines.

Priority renewable energy technologies - those priority renewable energy technologies identified for the Program listed in APPENDIX A of the Manual.

Program - The Research and Development Program.

Project - see **Research and Development Project**.

Research and Development Project- Research and development activities involving a renewable energy technology that:

- i. is between *Technology Readiness Level (TRL)* 2 and 6; and
- ii. meets the Program's priorities as advised in the Manual and on the Program's webpage on the ARENA website.

Technology Readiness Level (TRL) - The level of development of a renewable energy technology being investigated by a *project*, as mapped on the scale described in section 1.5 of the Manual.

Proposal - A submission for a *project* under any stage of the application and assessment process for the Program, which is submitted by an applicant and received by ARENA.

Recipient - An entity that has entered into a funding arrangement with ARENA for funding of a *project*.

WHS law or **WHS legislation** - The *Work Health and Safety Act 2011* (Cth), Corresponding WHS Law or superseded work health and safety or occupational health and safety law in any jurisdiction. The WHS law includes regulations established under the relevant Acts.

WHSMS - Work health and safety management system.

World class position - ability to influence the global competitiveness and/or supply of the technology.

APPENDIX A PRIORITIES

Overview

The priorities detail those activities that ARENA considers are priority areas for the purpose of allocating funding through the Program for each round. These priorities may change from time to time to reflect changes to ARENA's focus areas for the Program, and to ensure continued alignment between the Program and ARENA's General Funding Strategy and Investment Plan. If the Program priorities are amended the revised priorities will be published on the ARENA website at www.arena.gov.au, in a revised version of the Manual.

To ensure a diverse portfolio of *projects* are funded under the Program, ARENA may, in its discretion, elect not to prioritise *projects* for funding if that *project* would not significantly add to or complement ARENA's existing portfolio of research and development projects. In making such a decision, ARENA will consider the outcomes and objectives of research and development projects that ARENA has already funded or is intending to fund.

When considering the diversity of the portfolio of research and development projects currently funded, ARENA will place a higher priority on delivery of *projects* that it considers maximises the project's value for money, against the Program's objectives. ARENA's portfolio of projects is listed on ARENA's website.

ARENA's decision to award funding to a *project* will consider the extent to which any renewable energy technology contemplated by a *project* originated in, and will continue to be developed in Australia.

ARENA may, in its discretion, consider exceptional and innovative proposals not detailed in this appendix that ARENA considers may justify funding support from the Program.

ROUND 1 DETAILS

All applications must be completed online, the dates below signify when the online system will be open to apply. This round is a two stage application process comprising of an expression of interest (EOI) and full application. The opening and closing dates for each stage are:

Stage	Opening Date	Closing Date
EOI	20 January 2014	14 February 2014 - 5pm (Canberra time)
Full application	During April 2014; ARENA will advise applicants successful at the EOI stage of exact dates	

The following funding parameters are applicable to this round:

- The total funding allocated for round 1 is up to \$20 million. This amount may be reduced or increased at the discretion of the ARENA Board.
- The expected minimum value ARENA will contribute to a project is \$500,000.
- The expected maximum value ARENA will contribute to a project is \$5 million.

ARENA will accept proposals above or below the minimum and maximum funding amounts specified above up to a total ARENA contribution of \$10 million - however, any proposal that exceeds \$5 million will need to demonstrate exceptional merit.

PRIORITIES

The priority for this round is solar research excellence. This includes (without limitation):

- solar photovoltaic (PV);
- solar thermal; and
- enabling technologies components and processes which can be integrated with solar PV or solar thermal (e.g. energy storage, control systems).

For clarity, only solar research proposals will be considered in this funding round.

APPENDIX B ELIGIBILITY CRITERIA

This appendix provides further guidance on the eligibility criteria for the Research and Development Program, including how applicants can demonstrate compliance against the eligibility criteria.

PROJECT ELIGIBILITY CRITERIA

To be eligible for funding under the Research and Development Program, an applicant applying for *project* funding must meet all of the following eligibility criteria:

A The applicant must be an eligible research institution, university or business as defined by the Manual; and at the time of entering into a funding arrangement, the applicant must hold an Australian Business Number (ABN).

The institutions listed below are eligible to apply for the Program:

- an Australian University (University);
- the Australian Nuclear Science and Technology Organisation (ANSTO);
- the Commonwealth Scientific and Industrial Research Organisation (CSIRO);
- the Australian Institute of Marine Science (AIMS);
- the Defence Science and Technology Organisation (DSTO);
- the Cooperative Research Centres (CRCs);
- National ICT Australia (NICTA);
- the National Measurement Institute (NMI);
- Australian Research Council (ARC) Centres of Excellence; or
- an Australian entity incorporated under the *Corporations Act 2001* (Cth).

The applicant must hold an Australian Business Number (ABN) issued by the Australian Federal Government's Australian Business Register.

B The applicant must be able to demonstrate to the satisfaction of ARENA that the *project* described in the proposal meets the definition of a *project* as defined at section 2.2 of the Guidelines.

ARENA will use the definition of a *project* as defined at section 2.2 of the Guidelines, including sections 2.3 and 2.4 in regards to research and development activities and the TRL scale respectively.

C The applicant must be able to demonstrate to the satisfaction of ARENA that the *project* will take place primarily in Australia. For *projects* involving international collaborations, the applicant should refer to the Manual for guidance on the proportion of work required to be undertaken in Australia.

The applicant will need to demonstrate to the satisfaction of ARENA that the *Research and Development Project* will take place primarily in Australia.

Any expenditure incurred by the applicant outside of Australia, other than in respect to equipment or materials, must be limited to no more than 10% of total project cost except in

exceptional circumstances that must be justified by the applicant and agreed to by ARENA in writing.

Applicants should explain why project research and development activity conducted overseas:

- cannot be done in Australia or any equipment or materials supplied from overseas cannot be sourced in Australia; or
- would benefit from being performed outside Australia.

D The applicant must warrant it has ownership of, access to, or the beneficial use of, any intellectual property necessary to carry out the *project*.

The applicant must be able to provide evidence that they have the necessary rights to any intellectual property (IP) needed to undertake the *Research and Development Project*. This includes identifying and dealing with:

- any third party background intellectual property, and the measures that will be put in place to ensure continuing access to this intellectual property and to protect it
- the effect any third party ownership of background intellectual property will have on the 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.

Evidence to support claims against this eligibility criterion could include patents, licences or any relevant intellectual property agreements.

Following its consideration of an EOI or full application (or both as the case may be), ARENA may request evidence or documentation supporting the applicant's claim of access to the appropriate rights to any intellectual property necessary to carry out the *Research and Development Project*, or a documented plan detailing the proposed course of action to acquire such access.

A template for an Intellectual Property Management Plan is available on the ARENA website and is required as part of a *project's* full application.

E The applicant must not be named 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 make a declaration in the application form to demonstrate that they understand and meet their obligations, if any, under the Act. ARENA will check applicants' names against the list of non-compliant organisations on the website of the Workplace Gender Equality Agency at www.wgea.gov.au.

F The applicant must agree it will enter into an agreement with ARENA to publicly share knowledge and information about, and resulting from, the *project* described in its proposal.

Applicants must agree to enter into an agreement with ARENA to publicly share knowledge and information about, and resulting from, the *project*.

To determine the knowledge and information to be shared about a *project*, applicants must complete a Knowledge Sharing Plan as a part of a full funding application, as per the requirements of section 4 of the Manual.

G The applicant must comply with any other requirements specified in the Manual or otherwise advertised by ARENA.

Applicants must comply with any requirements stated throughout the Manual. This includes, but is not limited to the requirements for applying and for submitting an application to the Program (including completeness and comprehensiveness), and the requirements for disclosure of legal proceedings listed in Appendix C of the Manual.

APPENDIX C MERIT CRITERIA

RESEARCH AND DEVELOPMENT PROJECTS MERIT CRITERIA

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

- A** The quality, capability and capacity of the applicant, and other participating institution(s) or entity(ies), to deliver the proposed outcome of the *project*, including its capability to progress the *project* towards commercial readiness.

This merit criterion assesses the quality, capability and capacity of the applicant and other participating institution(s) or entity(ies) to achieve the proposed outcome. There are several factors to this assessment:

- **Quality:** whether the key personnel nominated in the applicant's proposal have the necessary technical and research expertise and experience; and the credentials, resources and professional reputation of the applicant organisation
- **Capability:** whether the applicant organisation has sufficient resources (personnel and physical resources) to achieve the proposed outcome, including a capability to progress the *project* towards commercial readiness
- **Capacity:** whether the proposed resources will be available to be deployed to the *project* at its commencement, and whether those resources will remain dedicated to the *project* for its duration (to the extent needed to successfully achieve the proposed outcome).

These factors are interrelated but are also distinct. For example, a poor quality applicant is unlikely to be able to demonstrate sufficient capability. However, an applicant organisation may have outstanding quality credentials but may not have appropriately qualified and experienced personnel with the right capabilities to achieve the outcome(s) of the *project*. It is also possible that an applicant may have personnel with the right capabilities, but they may be working on numerous other projects, and therefore may not have the capacity to deliver on the *project*.

Applicants should address all three of these factors in their proposals.

EXPRESSION OF INTEREST

The applicant should demonstrate merit by briefly describing:

- the quality, credentials and professional excellence of the applicant and other participating institution(s) or entity(ies), and any accreditations, quality standards or benchmarks, so far as they are relevant to the *project*
- the technical and research expertise and experience of the key personnel nominated in the applicant's proposal, as relevant to the *project*
- examples of other significant research and development projects (and their outcomes) undertaken by the applicant or key personnel (in the last five years) in the same or similar field contemplated by the *project*
- the resources (including personnel, physical resources and facilities) the applicant will use to deliver the *project*
- the capacity of those resources to be deployed or utilised for the *project*
- the applicant's capability to progress the *project* towards commercial readiness.

FULL APPLICATION

The applicant should demonstrate merit by providing detailed responses in relation to the following:

- the quality, credentials and professional excellence of the applicant and other participating institution(s) or entity(ies), and any accreditations, quality standards and benchmarks, so far as they are relevant to the *project*.
- the technical and research expertise and experience of the key personnel nominated in the applicant's proposal, as relevant to the *project*
- any awards, peer recognition or other validation of the credentials of the applicant and the key personnel, so far as they are relevant to the *project*
- examples of other significant research and development projects (and their outcomes) undertaken by the applicant or the key personnel (in the last five years) in the same or similar field contemplated by the *project*
- the resources (including personnel, physical resources and facilities) the applicant will use to deliver the *project*
- confirmation that the nominated personnel have the necessary time and capacity to dedicate to the *project*, and that the physical resources and facilities will be available for use by the *project* examples of where the applicant and / or the key personnel have successfully progressed the outputs of other research projects towards commercial readiness, in the same or similar field contemplated by the *project*.

B The relevance and/or significance of the *project* to meet the Program's objectives and priority renewable energy technologies for the individual round.

The Program aims to support research in renewable energy technologies that will increase the commercial deployment of renewable energy technology in Australia and will help Australia strengthen its strong global position. This will be achieved by investing ARENA funds to leverage third party investment.

Priority will be given to projects in technology areas that have good prospects for commercialisation, where Australia currently has a world class position and/or that address conditions specific to Australia. Projects must predominantly take place in Australia, but international collaborations are welcome.

ARENA may take a portfolio approach to selecting projects for funding, that is, it may consider how a project will either uniquely contribute to the Program's outcomes, or as part of a suite of complementary projects. ARENA may, in its absolute discretion, elect not to fund an otherwise meritorious project, if the aims or outcomes of that project are the same as, or similar to, the aims and outcomes of a project that has previously been funded.

While there is no separate stream supporting post-graduate research, funding for post-graduate research will be supported as part of a *project*. *Projects* in which post-graduate research comprises the majority component of funding requested may be found to be less meritorious.

This merit criterion focuses on how well the *project* meets the Program's objectives (detailed in section 1.7 of the Guidelines and section 1.3 of the Manual) and priorities (as set out in APPENDIX A).

EXPRESSION OF INTEREST

The applicant should demonstrate merit by briefly describing:

- the proposed *project*, including:

- the proportion (if any) of the project dedicated to post-graduate research
- the proportion (if any) of the project which will take place outside Australia
- how the *project* will:
 - support a portfolio of excellent research and development projects in priority renewable energy technologies that maintain or build on Australia's world class position and/or that address conditions specific to Australia;
 - support the growth of skills, capacity and knowledge for Australian renewable energy technology research and development; and
 - attract investment to improve the commercial readiness of priority renewable energy technologies.
- how the *project* fits within the priority technology areas of the Program
- where the *project* fits on the TRL index

FULL APPLICATION

The applicant should demonstrate merit by providing detailed responses in relation to the following::

- the proposed *project*, including:
 - the proportion (if any) of the project dedicated to post-graduate research
 - the proportion (if any) of the project which will take place outside Australia
- how the *project* will:
 - support a portfolio of excellent research and development projects in priority renewable energy technologies that maintain or build on Australia's world class position and/or that address conditions specific to Australia;
 - support the growth of skills, capacity and knowledge for Australian renewable energy technology research and development; and
 - attract investment to improve the commercial readiness of priority renewable energy technologies.
- how the *project* fits within the priority areas of the Program
- where the *project* fits on the TRL index including justification
- whether (and how) the *project* complements other existing or emerging areas of research in a similar field
- how the *project* contributes to a delivering a clear path to market by 2040 including:
 - how it will progress along the TRL index
 - proposed future activities; for example leading to a further research program, development of a commercialisation plan, potential partnerships
- any other research and development projects in a similar field for which the applicant or the key personnel have received Australian Government funding (including from agencies such as ARENA and the Australian Solar Institute) in the last three years.

C The strength of the technical design, research methodology and project planning to deliver the aims of the *project*, including the level of risk and how the risk will be managed.

The purpose of this merit criterion is to assess how well the applicant has designed and planned the *project*, including identifying and managing risks, in order to successfully deliver the *project*.

This criterion assesses project risk not identified in the assessment of the other *project* merit criteria and the steps the applicant proposes to take to mitigate those risks. It also assesses project risk in terms of the likely success of the project and the achievement of stated outcomes. This assessment also considers the risk of negotiating and executing a funding arrangement which is acceptable to ARENA.

In assessing this criterion ARENA may consider a range of factors including:

- the technical feasibility of the *project*
- how well designed and planned the *project* is, including whether it has clearly defined objectives and a methodology for how the *project* will be undertaken and managed
- the track record of the applicant in undertaking similar projects, including delivering similar projects on time and on budget
- the applicant's approach to identifying, managing and reporting risks to the *project*
- the degree to which the applicant complies with ARENA's standard *funding arrangement*.

Applicants should note, low compliance with the *funding arrangement* may impact on ARENA's assessment of project risk. Strong compliance with the funding arrangement will generally increase the merit of a project.

EXPRESSION OF INTEREST

The applicant should demonstrate merit by briefly describing:

- the objectives and deliverables of the *project*
- the technical design and research methodology of the *project* (that is, how the *project* will be carried out)
- examples of similar research and development projects managed by the key personnel nominated in the applicant's proposal in the last five years
- the indicative *project* stages, milestones and duration (note, it is not necessary at this stage to provide a full project plan or Gantt chart)
- the key risks to the *project* (ignoring funding risk, that is, assuming ARENA provides the requested funding) and mitigation strategies.
- applicable WHS risks, and:
 - if the applicant has a WHSMS accredited to a recognised standard such as AS/NZS 4801:2001
 - if the applicant has been subject to any enforcement action by a WHS regulator in Australia and information regarding any such action (this will include enforcement action taken under any WHS law (as defined in section 7 of the Manual).

FULL APPLICATION

The applicant should demonstrate merit by providing detailed responses in relation to the following:

- the objectives and deliverables of the *project*

- the technical design and research methodology of the *project*
- examples of similar research and development projects managed by the key personnel nominated in the applicant's proposal in the last five years, and whether these projects were completed on time and on budget
- how the applicant proposes to manage the *project* (for instance, details of project management methodology, systems or tools to be used)
- a well-articulated project plan for the *project*, including:
 - project phases and stage-gates (if relevant), objectively verifiable milestones and deliverables
 - duration of the project (and each phase, if relevant)
 - any periods where the project is dormant (for instance, because a key resource is not available)
 - indicative start and end dates
- any dependencies which are outside the control of the applicant and other participating institution(s) or entity(ies), such as any resources or approvals from third parties that are needed to start the *project* (other than funding from ARENA)
- a Risk Management Plan that includes key technical and personnel risks of the *project* - including a WHS Management Plan where relevant - and how these will be managed. A template for a Risk Management Plan is available on the ARENA website
- A WHS Management Plan must provide:
 - the track record and experience of the applicant in managing critical WHS risks including through a WHSMS accredited to a recognised standard such as AS/NZS 4801:2001 Occupational health and safety management systems and
 - (if any) a track record of review of that WHSMS in the last three years for compliance with the WHS law. Such information may include documentary evidence such as written references.
- information in relation to any enforcement action taken by regulators under the WHS law. Applicants are required to provide information about enforcement action including whether they have been subject to any of the following under WHS law:
 - improvement notices
 - prohibition notices
 - non-disturbance notices
 - remedial action taken by the regulator
 - injunctions
 - enforceable undertakings that the applicant has entered into with a regulator under WHS law
 - legal proceedings and court orders (including adverse publicity orders)
 - infringement notices
- for projects assessed by ARENA to be high risk projects, a WHS Management Plan that:
 - includes a description of the WHSMS that will apply to the project activity

- provides for safe work method statements (SWMS) for the tasks involved in the project activity
- includes a description of whether or not the WHSMS:
 - i. has been (or will be) assessed for compliance with the applicable WHS law; and
 - ii. is accredited to a recognised standard such as AS/NZS 4801:2001 Occupational health and safety management systems
 - iii. provides for a review for compliance with the applicable WHS law at least once during the project lifecycle and not less than once every three years
- for projects assessed by ARENA to be low risk projects, a WHS Management Plan that:
 - includes a brief description of the WHSMS that will apply to the project activity
 - provides a brief outline of how the applicant will provide a safe system of work for the tasks involved in the project activity
 - includes a description of whether or not the WHSMS:
 - i. has been (or will be) assessed for compliance with the applicable WHS law; and
 - ii. is accredited to a recognised standard such as AS/NZS 4801:2001 Occupational health and safety management systems
 - iii. provides for periodic review of the project's WHS compliance at a reasonable juncture (given the nature and scope of the low risk project)
- a Compliance Table stating any general conditions of the draft *funding arrangement* that the applicant does not accept, accepts in part or does not consider to be applicable. 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
- 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* (Cth) (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.

D The extent to which the applicant, participating institution(s) and/or entity(ies) support and demonstrate genuine commitment, both cash and in-kind, to the *project* and its outcomes.

ARENA is seeking to fund projects that offer high value for its contribution to the total project cost.

This merit criterion assesses whether the applicant and any participating institution(s) and/or entity(ies) 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* for TRL 2 - 6 is appropriate:

- for the stage of research and development of the renewable energy technology; and
- considering the extent to which the applicant or others are providing funding or in-kind support for the *project*.

ARENA expects that applicants with *projects* closer to commercialisation will make a larger financial contribution compared with projects that are in the earlier stages of development.

Only in exceptional circumstances will ARENA consider funding the majority of the costs of a single project. Preference will be given to those projects that propose to self-fund some of the project (for example, ARENA typically expects that projects will at least match funding 1:1 (with cash or in-kind contributions (or both))).

Projects in which post-graduate research comprises the majority component of funding requested may be found to be less meritorious.

Applicants should be aware that proposals which seek high proportions of funding compared to projects that seek lower proportions of funding, may be considered to be of lower merit. While financial contributions to *projects* from state and territory governments are welcome, the Program would not usually fund proposals that are mostly funded by government sources.

When determining *project* costs, budgets and funding sources, please refer to the Eligible Expenditure detailed at APPENDIX D.

EXPRESSION OF INTEREST

The applicant should demonstrate merit by providing:

- an indicative budget for the *project*, showing:
 - the total cost of the *project*
 - the funding sought from ARENA
 - cash and in-kind contributions from the applicant and all other sources
- evidence of support by participating institution(s) and/or organisation(s), including their commitment to provide the specified cash and in-kind contributions.

FULL APPLICATION

The applicant should demonstrate merit by providing detailed responses in relation to the following:

- a detailed budget for the *project*, showing:
 - a breakdown of the expected expenses for the *project*, including any overseas expenses
 - the total cost of the *project*
 - the funding sought from ARENA, and the proposed payment milestones
 - details and amounts of cash and in-kind contributions from the applicant and all other sources
 - the cash flow profile of the *project*
- evidence of support by participating institution(s) and/or organisation(s), including their commitment to provide the specified cash and in-kind contributions, noting that the

stronger the commitment of funding from sources other than ARENA, the higher the merit of the *project* against this criterion

- information to confirm the applicant (and other participating institution(s) and/or organisation(s)) has the financial capacity to fund its proposed share of the funding or in-kind contributions for the duration of the *project*.

E The extent to which knowledge and information from the *project* is collected, analysed, stored, used and shared.

This merit criterion assesses how the applicant will create and share knowledge and information from the *project*, as set out in a Knowledge Sharing Plan. This Knowledge Sharing Plan also provides a basis for the applicant to preserve the confidentiality of intellectual property in the *project*.

EXPRESSION OF INTEREST

The applicant should demonstrate merit by briefly describing:

- how the applicant will create and share knowledge and information from the *project*, including how the applicant will communicate the research results to the academic community, the renewable energy industry and more broadly
- what knowledge and information (if any) from the *project* the applicant is not willing to disclose publicly
- any constraints that may prevent the applicant from sharing knowledge and information, such as rights of any third parties

It is not necessary to prepare a full Knowledge Sharing Plan at the EOI stage.

FULL APPLICATION

The applicant should demonstrate merit by providing a Knowledge Sharing Plan which sets out how knowledge and information from the *project* will be collected, analysed, stored, used and shared, in order to inform industry and the broader community about the development of, and findings from, the *project*.

A template for the Knowledge Sharing Plan for research and development projects is available on the ARENA website.

The Knowledge Sharing Plan submitted by the applicant should:

- identify the information that:
 - can be released into the public arena;
 - the applicant will provide to ARENA, but is to be treated as commercial in confidence by ARENA; or
 - the applicant wishes to keep confidential
- provide for presentations by the applicant on the progress of the *project* to relevant audiences
- encourage and facilitate the sharing of information about the *project* with other stakeholders, including with other research bodies in similar fields, the energy sector and other relevant industries
- include an Intellectual Property Management Plan that includes and identifies:

- any third party background intellectual property, and steps 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 licensing arrangement required
- how intellectual property created during the course of the project will be identified, owned and, if appropriate, commercially exploited

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
- reports prepared by the recipient for public release on progress with the *project* and its outcomes
- where relevant, case studies and similar documentation prepared by the recipient for publication describing the *project*.

APPENDIX D ELIGIBLE EXPENDITURE

These eligible expenditure guidelines specify what kinds of expenditure is eligible or ineligible expenditure for the Research and Development Program. These eligible expenditure guidelines are recognised in the *funding arrangement* for the Program, and are to be followed:

- in the preparation of the Budget for submission with an EOI or full application for funding under the Program
- by recipients as part of the regular milestone reporting and annual financial reporting required of recipients under the *funding arrangement*.

Applicants are required to prepare a budget of eligible expenditure for their project for submission with their EOI or full funding application, using the Budget and Funding Sources form made available by ARENA as part of the application process.

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. As part of a full application 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 arrangement* is 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 arrangement*. In addition, the *funding arrangement* 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 may be considered as eligible expenditure, provided that the applicant can demonstrate to the satisfaction of ARENA that the requirements in these eligible expenditure guidelines are satisfied
- expenditure is generally not eligible expenditure if it is undertaken prior to the signing of the *funding arrangement* or after the completion date for the project specified in the *funding arrangement*
- 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 to meet the financial reporting and audit requirements in the *funding arrangement*
- 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 activities that directly contribute to or enable knowledge including database development, websites, applications and reports
- 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 the *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. This includes research institution overheads, for example.
- expenditure on activities that a local, state, territory or Commonwealth government agency has the responsibility to undertake, unless the applicant or recipient can demonstrate to the satisfaction of ARENA that the expenditure is related to a co-contribution
- 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 Research and Development 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 the *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 letter or 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 ARRANGEMENT

Expenditure is generally not eligible, if undertaken prior to the signing of the *funding arrangement*. 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. 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 arrangement*, expenditure on goods and services overseas may be subject to approval by ARENA as specified in the *funding arrangement*.

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 and any consortium partners allows for:

- the separate and accurate identification of contributions and eligible expenditure on the project; and
- a clear audit trail of all program funding contributions and eligible expenditure to be available on request and as required to meet the requirements in the *funding arrangement*.