



Australian Government
Australian Renewable Energy Agency

ARENA

Regional Australia's Renewables (RAR) Industry Program

Guidelines

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Regional Australia's Renewables - Industry Program

Part 1 - Overview

Introduction

- 1.1 The Australian Renewable Energy Agency (ARENA) was established on 1 July 2012 under 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. As part of achieving these goals, ARENA has announced a new strategic initiative, the Regional Australia's Renewables (RAR) Initiative. The RAR Initiative aims to support the deployment of commercially prospective renewable energy technologies, both generation and enabling, in off-grid and fringe-of-grid situations.
- 1.2 Energy in Australian off-grid locations has traditionally been supplied by fossil fuels, particularly diesel and natural gas. At the fringes of grids, where transmission or distribution lines are generally weakest, additional energy is often supplied by back-up diesel systems. Off-grid and fringe-of-grid areas are expected to see an increase in energy demand. In addition to expected growth, the cost of fossil fuels systems in some remote locations is higher than in urban areas. Together, this presents a considerable opportunity to increase the uptake of renewable energy in these locations.
- 1.3 The RAR Initiative aims to harness the opportunity of growth in energy demand in off-grid and fringe-of-grid areas and to increase the uptake and use of renewable energy in industries in these areas, especially where renewable energy is close to being cost competitive.

Objectives of the RAR Initiative

- 1.4 The objectives of the RAR Initiative are to:
 - » demonstrate a portfolio of renewable energy solutions, including hybrid and integrated systems, in Australian off-grid and fringe-of-grid areas
 - » ensure knowledge is produced and disseminated regarding the deployment of renewable energy solutions in remote areas catalysing further renewable energy uptake
 - » remove roadblocks, leading to greater deployment of renewable energy solutions in off-grid and fringe-of-grid areas.
- 1.5 ARENA will deliver the RAR Initiative objectives through two separate RAR programs, the RAR - Industry program (I-RAR) and the RAR - Community and Regional Renewable Energy program (CARRE). The existing Emerging Renewables Program will also be expanded to include removing roadblocks activities for the RAR Initiative.

Outcomes of the RAR Initiative

- 1.6 It is expected that projects and initiatives funded through the RAR Initiative will contribute to some or all of the following outcomes:
 - » within five years, result in at least 150MW of renewable energy projects in off-grid and fringe-of-grid locations where fossil fuels are currently or would otherwise be used. This would include two or more \geq 10MW projects
 - » the renewable energy capacity is appropriately utilised for at least five years following commissioning
 - » key roadblocks to the greater implementation of renewable energy are removed, including, but not limited to integration and control system risk, and low reliability perceptions
 - » regional communities and industry gain more skills in operating and maintaining renewable energy solutions

- » knowledge produced and disseminated regarding the economic viability of renewable energy solutions in remote areas catalyses further commercially based renewable energy deployment.

Purpose of the Guidelines

- 1.7 The purpose of the I-RAR Program Guidelines (the Guidelines) is to provide a framework for the operation of the I-RAR program. The Guidelines are not an exclusive statement of ARENA's requirements for the I-RAR program, and should be read in conjunction with the I-RAR Program Information Manual (the Manual). The Manual and other resources that may assist in the understanding of the I-RAR program are available on the ARENA website at www.arena.gov.au
- 1.8 In the Guidelines, a word takes its common meaning unless defined in Part 6 - Glossary.

Commencement

- 1.9 The Guidelines commence on 7 June 2013. The Guidelines may be revoked or varied, pursuant to section 24 (1)(b) of the ARENA Act.

Authority for Guidelines

- 1.10 The Guidelines are approved by the Minister for Resources and Energy (the Minister) and may be varied in accordance with the ARENA Act from time to time.

Program Funding Model

- 1.11 The RAR Initiative has up to \$400 million to allocate as financial assistance to the I-RAR and CARRE programs. These funds are not specifically allocated to either program. The allocation of funds across RAR Initiative programs will be at the absolute discretion of ARENA.
- 1.12 ARENA will enter into a Funding Agreement with a single lead party to receive funding for each project. Funding may be provided in the form of grants for capital expenditure, revenue support or other means as may be determined by the ARENA Board in accordance with the ARENA Act.
- 1.13 There is no minimum or maximum funding available per project, subject only to the overall funding allocation.
- 1.14 ARENA requires that every project will include co-investment, cash or in-kind (or both), from sources other than ARENA or the Australian Government.

Part 2 - Application and Assessment Process

Overview

- 2.1 The application and assessment process for applications under the I-RAR program involves two stages:
 - » an initial expression of interest (EOI) stage (the Manual provides details on the timeframe for which EOI submissions will be accepted)
 - » a full application stage.
- 2.2 During each stage, ARENA will assess the eligibility of applicants and their proposals against the eligibility criteria. Eligible EOI and full applications will then be assessed against the merit criteria. Ineligible EOIs and full applications will be deemed unsuccessful.
- 2.3 Only eligible applicants with proposals that satisfy each merit criterion to a high standard will be successful. All other applicants will be unsuccessful.
- 2.4 Following its assessment of an EOI or full application (as the case may be) against the merit criteria, ARENA may:
 - » in the case of an EOI, invite the applicant to progress to the full application stage
 - » in the case of a full application, offer successful applicants funding for their proposal.
- 2.5 Further details of the application and assessment process are set out in the Manual.

Eligibility Criteria

- 2.6 ARENA will assess the eligibility of applicants and their proposals against the following eligibility criteria when deciding whether an EOI or full application (as the case may be) should proceed to merit assessment:
 - » whether the applicant is an eligible applicant as outlined in sections 2.6 and 2.7
 - » whether the project to which an application relates is an eligible project as set out in section 2.8
 - » whether the application is complete, in the form required and contains sufficient and verifiable information to undertake a merit assessment.

Eligible Applicants

- 2.7 To be eligible for funding under the I-RAR program an applicant must meet the following criteria:
 - A. The applicant must be an Australian entity incorporated under the *Corporations Act 2001* (Cth) (Corporations Act) (this includes foreign entities that have incorporated subsidiaries in Australia), or be an entity registered and carrying on business in Australia's external territories.
 - B. The applicant must not be named by the Workplace Gender Equality Agency as an organisation that has not complied with the *Workplace Gender Equality Act 2012*.
 - C. The applicant must be able to specify the expected total cost of the project, the amount of ARENA funding sought and include firm commitments for any funding to be provided by the applicant or third parties.
 - D. In the EOI the applicant must undertake to develop an agreement to share knowledge, including by having a Knowledge Sharing Plan as set out in Part 4 of the Guidelines and submitting a completed Knowledge Sharing Plan as part of the full application.
- 2.8 For the purposes of clarification, applicants that are not eligible to apply for funding under the I-RAR program include:
 - » an individual, a partnership or a trustor

- » a state or territory government (however a government-owned business incorporated under the Corporations Act is eligible).

Eligible Projects

- 2.9 To be eligible for funding under the I-RAR program a project must meet the following eligibility criteria:
- A. The project must involve the demonstration and use of one or more renewable energy solutions and/or enabling technologies, including hybrid or integrated systems. In the case of bioenergy, biomass must be derived from a sustainable source, which does not compete with food or feed production.
 - B. Projects must affirm a user of the renewable energy generated under the project, firstly through a Letter of Commitment in the EOI stage and secondly through submitting a document, such as an agreed Power Purchase Agreement or letter detailing the internal power use arrangements, in the full application stage.
 - C. The project must produce additional or new generation capacity equal to or greater than 1MWe of renewable energy or an equivalent measure of bioenergy or heat energy for direct use applications.
 - D. The project location must be off-grid or fringe-of grid (or both), where fossil fuels are displaced, or would otherwise be, used.
 - E. The project must involve capital expenditure and associated implementation activities (design, procurement, construction, commissioning, capacity building etc) relating to the demonstration and use of the renewable energy or enabling technologies (or both).
 - F. The project schedule must lead to a final investment decision within a timeframe that would allow the project to be commissioned prior to 30 June 2018 (ARENA may vary this date at its absolute discretion).
 - G. The renewable energy solution must be operated for at least five years following commissioning.
- 2.10 If multiple projects are proposed to occur in parallel they may be able to be classified as a single project.

Merit Criteria

- 2.11 The merit of eligible applications will be assessed for overall value for money against the following merit criteria. The following merit criteria are considered equally:
- A. Financial viability of the project and ARENA funding sought, including whether the project offers a degree of profit sharing.
 - B. The extent to which the project will contribute to RAR Initiative objectives, in particular its likely demonstration effect and degree of knowledge sharing.
 - C. Project readiness, including how soon the project can be commissioned, with projects that are timed earlier within the program window receiving favour.
 - D. Capability of the applicant, in particular to supply matching funds, complete construction and operate as intended.
 - E. Quality of project design (technical feasibility).
 - F. The overall risk associated with the project including, without limitation: compliance, technical, planning and financial risks.

Collaboration

- 2.12 ARENA will seek to work with lead applicants or potential funding partners in an open and flexible manner. ARENA may initiate collaborations between potential project proponents and/or funding partners with the consent of respective parties.
- 2.13 ARENA may seek to work with applicants, potential applicants and their partners to initiate or develop proposals. Further details of how ARENA can assist applicants can be found in the Manual.

Part 3 - Funding Arrangements

Funding Offers

- 3.1 All funding offers under the program are conditional upon:
- » the applicant's execution of a Funding Agreement with ARENA
 - » the availability of the proposed funds
 - » ARENA obtaining the necessary approvals to enter into the Funding Agreement and to spend the funds, and ARENA entering into that Funding Agreement.
- 3.2 All applicants will be advised in writing of the outcome of the assessment of their application at the conclusion of the assessment of their proposal.
- 3.3 The decision of ARENA on whether to offer funding or a contract will be final.

Funding Agreement

- 3.4 An applicant must enter into a Funding Agreement with ARENA before funding will be paid.
- 3.5 The Funding Agreement will provide the legal framework for the obligations of each party and terms around payment. The terms of the Funding Agreement will be determined by ARENA.
- 3.6 The Manual provides further information on the types of Funding Agreements that ARENA intends to use for this program.

Part 4 - Knowledge Sharing

Knowledge Sharing and Publication of Project Information

- 4.1 A condition of funding through the I-RAR program is agreement to a Knowledge Sharing Plan about the funded project that will inform industry and the broader community about renewable energy solutions.
- 4.2 Applicants must agree to a Knowledge Sharing Plan as part of the initial expression of interest and then provide one as part of the project funding application. Applicants must also demonstrate compliance with ARENA's knowledge sharing programs. An approved Knowledge Sharing Plan will form part of the Funding Agreement for the project. Applicants must also demonstrate compliance with any of ARENA's knowledge sharing programs. A template for Knowledge Sharing Plans is available on the ARENA website at www.arena.gov.au
- 4.3 ARENA outlines the minimum requirements of the Knowledge Sharing Plan in the Manual. ARENA may amend the Knowledge Sharing Requirements, including the Knowledge Sharing Plan template or tailor a Knowledge Sharing Plan to suit a particular project at its absolute discretion.

Part 5 - Further Program Information

Governance

- 5.1. The ARENA Board is responsible for approving the entering into of contracts and approving financial assistance under the I-RAR program, except where grants for a particular project exceed \$50 million, in which the case the approval of the Minister is also required.
- 5.2 The ARENA Board may delegate responsibility for the I-RAR program in accordance with the ARENA Act.

Confidentiality

- 5.3 Subject to section 5.4, information of a confidential nature that 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 by ARENA and will only be disclosed with the consent of the applicant.
- 5.4 ARENA may disclose information referred to in section 5.3, including commercial-in-confidence information:
 - » to the Minister and the Minister's office
 - » in response to a request by a House or a Committee of the Parliament of the Commonwealth of Australia
 - » to the Auditor General, Ombudsman, Information Commissioner or Privacy Commissioner
 - » to ARENA staff, consultants and advisors
 - » to any Commonwealth agency or body, or other organisation or individual considered by ARENA to have a need or an entitlement to know that information (including any state and territory government agency or body), where that need or entitlement arises out of or in connection with ARENA's assessment, verification or due diligence of any aspect of an application
 - » where the disclosure is otherwise permitted or required by law.
- 5.5 For the sake of clarity, if ARENA discloses commercial-in-confidence information under paragraph (d) or (e) above, ARENA will require the recipient of that information to treat it as commercial-in-confidence information.

Complaints Process

- 5.6 Complaints concerning assessments or processes will, in the first instance, be reviewed by ARENA. If ARENA cannot resolve a complaint from an applicant within 30 business days of receiving the complaint, ARENA must notify the applicant of the identity of a Complaints and Review Officer and of the next steps. If the applicant is not satisfied with the complaint resolution procedure, the applicant can approach the Commonwealth Ombudsman's office for external review of the administrative actions of ARENA.

Eligible Expenditure

- 5.7 Funding from the program must be paid only in respect of eligible expenditure on the project.
- 5.8 The Manual specifies the kinds of expenditure that constitute eligible expenditure on the project.

Conflicts of Interest

- 5.9 ARENA has established and will administer conflict of interest procedures, including establishing procedures for Board members, the CEO, the Chief Financial Officer of ARENA and other ARENA staff to declare their interests.

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

No contract or liability

5.11 Despite:

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

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

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

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

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

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

Part 6 - Glossary

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

Consultants - a consultant engaged by ARENA pursuant to section 63 of the ARENA Act to provide services to assist ARENA in the performance of its function.

Direct Use Applications - Use of energy that is self-generated, is produced by either the same entity that consumes the power or an affiliate, and is used in direct support of a service or industrial process located within the same facility or group of facilities that house the generating equipment. Direct use is exclusive of station use.

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

Fringe-of-grid - Areas in the National Electricity Market or the South West Interconnected System that are **Remote**, with a relatively high likelihood of supply reliability and quality issues being experienced.

Hybrid systems - Involves the use of at least one renewable energy source with another supplementary energy source to provide a combined energy flow that drives a project's electricity generation. For the system to be hybrid, the renewable energy and supplementary energy sources need to share major generation infrastructure, such as a common steam boiler and electricity generation power block.

Integrated system - Involves the use of two or more generation systems at one site location that are coordinated to provide the energy needs of the user. At least one of these devices must use a renewable energy source.

MWe - Megawatt electrical. This term refers to the electric output of a system; this measurement is used to distinguish the electric output of a thermal system versus the (larger) thermal output.

National Electricity Market - As defined by the National Electricity Law set out in the Schedule to the *National Electricity (South Australia) Act 1996* (SA).

Off-grid - Isolated or islanded systems (including private systems) or grids that are not the National Electricity Market or the South West Interconnected Network.

Power Purchase Agreement (PPA) - A contract between two parties, one who generates electricity for the purpose of sale (the seller) and one who is looking to purchase electricity (the buyer). The PPA defines all of the commercial terms for the sale of electricity between two parties, including when the project will begin commercial operation, schedule for delivery of electricity, penalties for under delivery, payment terms and termination.

Remote - Areas defined as 'Remote Australia' or 'Very Remote Australia' in the Australian Statistical Geography Standard (ASGS): Volume 5 - Remoteness Structure, July 2011 (ABS cat. No. 1270.0.55.005).

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

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

Roadblocks - Any barrier or impediment to the achievement or efficient delivery of ARENA's strategic initiatives.

Station use - (see definition of Direct Use Applications).

South West Interconnected System - The major interconnected electricity network in Western Australia, supplying the bulk of the south-west region. It extends to Kalbarri in the north, Albany in the south and Kalgoorlie in the east. It is comprised of transmission lines, distribution lines and installed generation capacity.