



Australian Government
Australian Renewable Energy Agency

ARENA

Accelerated Step Change Initiative

Program Guidelines

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Web: arena.gov.au
email: proposals@arena.gov.au
phone: +612 6243 7054

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Accelerated Step Change Initiative

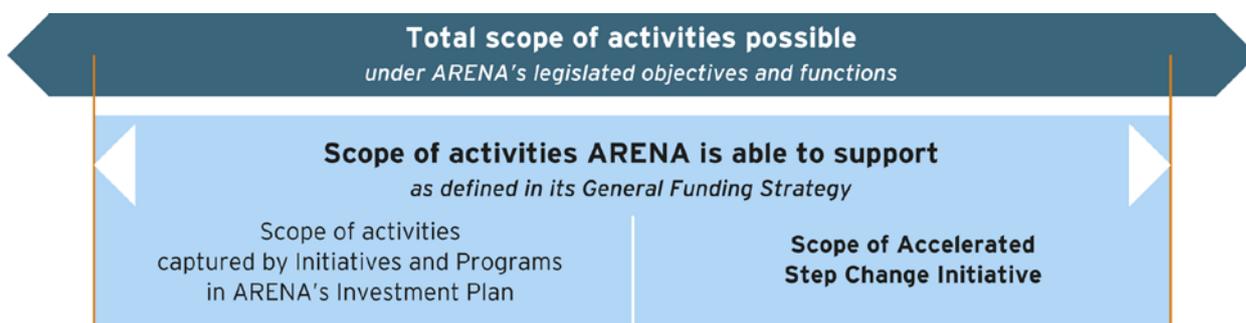
Part 1 – Overview

Introduction

- 1.1 The Australian Renewable Energy Agency (ARENA) was established on 1 July 2012 under the *Australian Renewable Energy Agency Act 2011* (ARENA Act) with a remit to improve the competitiveness and increase the supply of renewable energy in Australia.
- 1.2 To better define how ARENA might achieve these legislated objectives, ARENA develops a General Funding Strategy for each three year period and is the basis on which financial assistance is provided by ARENA. ARENA also develops a set of initiatives and programs, detailed in its Investment Plan, outlining activities it proposes to undertake in any three year period to achieve its objectives.
- 1.3 The ARENA legislation provides a broad framework for the performance of its functions and ARENA has significant discretion in the mechanisms and processes it can use to provide financial assistance. Flexibility of approach is necessary to ensure that ARENA is able to maximise the value of its investments and their contribution to the development of the Australian Renewable Energy industry as a whole.
- 1.4 ARENA needs to be adaptable but accountable in the way it responds to the fast pace of change and the dynamic nature of the Australian renewable energy industry. It also requires the ability to collaborate with strategic partners (especially other Commonwealth bodies) in order to maximise the leverage and impact of the assistance it provides.
- 1.5 Given this, and the finite resources available to ARENA, ARENA will not always have initiatives and programs in place that allow it to take advantage of every high value opportunity. To address this issue ARENA wishes to be able to provide a transparent mechanism to provide financial assistance and support for exceptional (high merit) opportunities that might arise or that ARENA might seek out, where those opportunities are not fully captured by initiatives or programs under its Investment Plan.
- 1.6 The activities to be considered by the Accelerated Step Change Initiative (ASCI) will be, by definition, diverse and generally non-comparable. Merit assessments of proposals will therefore need to be undertaken on a portfolio basis. As such, ARENA recognises that the administration of this Initiative will involve an element of judgement by ARENA. ARENA will need to be satisfied that an activity funded through this Initiative will make a strong contribution to its portfolio (in terms of both impact and fit). The design of ASCI therefore seeks to appropriately balance probity considerations with this defined need for flexibility. ARENA's current portfolio of projects are listed on ARENA's website.

Objectives of ASCI

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



ASCI Outcomes

- 1.8 It is expected that projects funded through ASCI will contribute to some or all of the following outcomes:
- » improved delivery of ARENA's General Funding Strategy including through more timely responsiveness to rapid industry developments and unique or time critical opportunities
 - » enhanced partnerships with other Commonwealth and State and Territory initiatives complementary to ARENA's objectives and the General Funding Strategy
 - » a broader ARENA portfolio of projects
 - » the sharing of robust information and data from a variety of projects to inform broader industry adoption of renewable energy
 - » funding for a target of around six projects above \$20 million each.

Purpose of these Guidelines

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

Commencement

- 1.11 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

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

Program Funding Model

- 1.13 ASCI has no maximum funding allocation but is constrained by the limit of available funds. Any funds required by ASCI will be drawn from other ARENA programs as required. The allocation of funds to ASCI projects will be at the sole discretion of ARENA.
- 1.14 Funding may be provided in a variety of forms of financial assistance at ARENA's discretion, consistent with ARENA's General Funding Strategy. ARENA may amend the scope of allowable financial support mechanisms at its discretion.
- 1.15 ARENA will enter into a Funding Agreement with a single lead party to receive funding for each project. Funding may be provided in the form of grants for capital expenditure, revenue support or other means as agreed by the ARENA Board in accordance with the ARENA Act.
- 1.16 ARENA will not consider projects that require an ARENA contribution below \$5 million. ARENA expects that the majority of its investments through this program will be in projects with an overall project cost above \$20 million.
- 1.17 ARENA expects that every project will include co-investment, both cash and/or in-kind, 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 ASCI involves two stages:
 - » an initial expression of interest (EOI) stage (which may be waived at the sole discretion of ARENA)
 - » 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 following eligibility criteria when deciding whether an EOI or full application should proceed to merit assessment:
 - » whether the applicant is an eligible applicant as outlined in section 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 an eligible applicant, an applicant must meet the following criteria:
 - A. The applicant must be an entity able to contract with ARENA within its Constitutional Limits, as defined in the ARENA Act.
 - B. The applicant must not be named by the Workplace Gender Equality Agency as an organisation that has not complied with the *Workplace Gender Equality Act 2012* (Cth).
 - 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 by 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 ASCI include:
 - » an individual, partnership or trustor
 - » a state and territory government (however a government-owned business incorporated under the *Corporations Act 2001*(Cth) is eligible).

Eligible Projects

- 2.9 To be an eligible project under ASCI, a project must meet the following eligibility criteria:
- A. The project must be consistent with the terms of ARENA's General Funding Strategy and ARENA's functions.
 - B. The project is in the demonstration, commercialisation or deployment phases of a renewable energy technology (including supporting activities).
 - C. The project must fall outside the scope of, or is/would be not well suited to ARENA's existing suite of Initiatives and Programs, as detailed in its Investment Plan.
 - D. The project must require an ARENA contribution of \$5 million or more.
- 2.10 If multiple projects are proposed to occur concurrently they may be able to be classified as a single project.
- 2.11 For the purposes of clarification, projects that are not eligible for funding under ASCI include projects that are at a research and development phase of a renewable energy technology or including a technology that has yet to be proven at pilot scale. Projects can, however, include research and development components to the extent that these assist in the demonstration, commercialisation or deployment of a renewable energy technology.

Merit Criteria

- 2.12 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.
 - B. The extent to which the project will contribute to ASCI objectives.
 - C. Project readiness, including how soon the project can be commissioned, with projects that are timed earlier within the program window receiving favour.
 - D. Capability of the applicant, in particular to 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.

Collaborations

- 2.13 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.
- 2.14 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 the terms around payment of milestones or other forms of financial assistance.
- 3.6 The Manual provides further information on the types of Funding Agreement that ARENA intends to use for this initiative.

Part 4 – Knowledge Sharing

Knowledge Sharing and Publication of Project Information

- 4.1 A condition of funding through ASCI is agreement to a Knowledge Sharing Plan about the funded project that will inform industry and the broader community about renewable energy solutions.
- 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 Plan 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 ASCI, except where a grant for a project exceeds \$50 million, in which case the grant must also be approved by the Minister.
- 5.2 The ARENA Board may delegate responsibility for ASCI 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 and consultants
 - » to other Commonwealth agencies or bodies, other organisations or relevant individuals (for the purpose of consultation about the applicant's project and undertaking due diligence checks or to facilitate project financing)
 - » to relevant state and territory government agencies (for the purpose of consultation about the applicant's project and undertaking due diligence checks or to facilitate project financing)
 - » where authorised or required by law to disclose the information.

Complaints Process

- 5.5 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

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

Conflicts of Interest

- 5.8 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.
- 5.9 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

5.10 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 ASCI, (individually and collectively, Participation), each applicant:

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

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

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

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

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.

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

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.