

# INDUSTRIAL ENERGY TRANSFORMATION STUDIES PROGRAM

FREQUENTLY ASKED QUESTIONS

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Australian Government  
Australian Renewable  
Energy Agency

**ARENA**

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# FREQUENTLY ASKED QUESTIONS

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This document contains FAQs regarding the Industrial Energy Transformation Studies Program (IETS or the Program). ARENA will update this FAQ as needed, Please refer to the Program Guidelines located on the ARENA website at [arena.gov.au/funding/industrial-energy-transformation-studies-program/](https://arena.gov.au/funding/industrial-energy-transformation-studies-program/).

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## PROGRAM

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### WHAT IS THE OBJECTIVE OF THE PROGRAM?

The Program aims to support feasibility and engineering studies and associated metering which can enable an investment decision in energy efficiency and renewable energy solutions for industrial processes which will:

- › deliver a transformational improvement in industrial energy efficiency as compared to business as usual energy use; and/or
- › deliver a transformational increase in renewable energy use as compared to business as usual energy use; and
- › deliver transformational reduction in greenhouse gas emissions below business as usual emissions, and
- › demonstrate high replicability potential across similar industrial settings.

The Program is designed to help operators of industrial facilities (typically the Applicant) to progress toward implementing energy efficiency and/or renewable energy solutions at the nominated facility. **Proposals that seek to provide energy efficiency and/or renewable solutions “to the market” without a strong connection to a specific industrial facility will likely not be assessed as high merit.**

### WHAT IS THE SCOPE OF THE PROGRAM?

Proposals can currently be submitted in one of the following Streams:

- › Renewable Energy Technologies Feasibility Studies (Stream A): eligible for grant funding up to \$500,000 per Study.
- › Renewable Energy Technologies Engineering Studies (Stream B): eligible for grant funding up to \$5 million per Study.

The funding allocated for Stream A and Stream B is up to a total amount of \$43 million. This amount may be reduced or increased at ARENA's discretion.

### HOW LONG WILL THE PROGRAM RUN FOR?

The IETS is an open, ongoing program which will run until funds are exhausted or otherwise terminated or extended at the discretion of ARENA.

# KEY DATES

## KEY DATES

The IETS Program is an open, ongoing program which will run until funds are exhausted or otherwise terminated or extended at the discretion of ARENA.

Assessment of Applications will be undertaken on a quarterly basis, in the first week of March, June, September and December.

You may submit an Application at any time. However, you are strongly encouraged to contact ARENA at [industrialenergy@arena.gov.au](mailto:industrialenergy@arena.gov.au) to discuss your Proposal prior to submitting the online application.

Draft application materials are due 1 month prior to Assessment, i.e. the first week of February, May, August and November. ARENA will confirm exact dates for upcoming assessments during discussion with Applicants.

KEY EVENT	STREAM A - FEASIBILITY STUDIES	STREAM B - ENGINEERING STUDIES
Application materials due: <ul style="list-style-type: none"><li>› Draft materials<sup>1</sup> four weeks prior to assessment.</li><li>› Online submission<sup>2</sup> two weeks prior to assessment</li></ul>		
Assessment Panel (quarterly until funds exhausted)	Typically, the first week of: March, June, September and December. Dates to be confirmed.	<b>EOI:</b> Typically, the first week of: March, June, September and December. Dates to be confirmed. <b>Full Application:</b> As advised by ARENA

### Note

- › (1) Prior to formal submission contact [industrialenergy@arena.gov.au](mailto:industrialenergy@arena.gov.au)
- › (2) Formal submission online via ARENANet Portal
- › Dates are subject to change at ARENA's discretion
- › Applications will be assessed on a quarterly basis, or as otherwise determined by ARENA.

# ELIGIBILITY

## CAN MY ORGANISATION APPLY FOR FUNDING?

To be eligible for funding, your organisation must hold an Australian Business Number (ABN) and be one of the following:

- › an Australian entity incorporated under the Corporation Act 2001 (Cth); or
- › an Australian State or Territory owned corporation or a subsidiary of an Australian state or territory owned corporation; or
- › an Australian local government or council.

## CAN I MAKE MORE THAN ONE APPLICATION OR BE A MEMBER OF MORE THAN ONE PROJECT TEAM?

Yes, there is no limit to the number of applications you may make or number of applications in which you are included. However, if individuals intend to be part of more than one Proposal you must be able to justify that the individuals will have, or be able to allocate, sufficient time to all of the Proposals should they be successful.

## CAN THE LEAD APPLICANT CHANGE DURING DELIVERY OF THE STUDY?

No. The nominated lead applicant would be expected to lead the entirety of the Study.

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# ASSESSMENT PROCESS

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## HOW DO I APPLY FOR FUNDING?

You should refer to the IETS Program webpage on the ARENA website at [arena.gov.au/funding/industrial-energy-transformation-studies-program/](https://arena.gov.au/funding/industrial-energy-transformation-studies-program/) and read the step-by-step instructions. You should also carefully read the Program Guidelines on the ARENA website.

Expressions of Interest (EOIs) and Full Applications must be submitted using ARENA's Grants Management System (GMS). Applicants can commence an online application by going to ARENA's online portal, ARENANet.

You may submit an Application at any time. However you are strongly encouraged to contact ARENA at [industrialenergy@arena.gov.au](mailto:industrialenergy@arena.gov.au) to discuss your Proposal prior to submitting the online application.

Each section of the application contains instructions on what information is required and any word limits which may apply. Applicants can save their application at any time before submitting to ARENA .

## HOW DOES ARENA DECIDE WHICH STUDIES WILL RECEIVE FUNDING?

ARENA will assess eligible Studies against the four Merit Criteria as identified in the Guidelines. ARENA will engage an expert panel to undertake this process. Each Merit Criterion will be weighted equally. The Merit Criteria are:

- A. The extent to which the Study will contribute to the Objectives as set out in the Guidelines.
- B. The capability and capacity of the Applicant, Study Partners and Study Key Personnel to deliver the Study.
- C. The strength of the Study design, in terms of meeting the proposed objectives within the timeframe and budget set out in the Proposal.
- D. Value for money and co-funding commitment to the Study.

## WHAT FEEDBACK CAN I GET ON MY PROPOSAL?

ARENA will provide feedback to Applicants before and during the application process.

## CAN ARENA PROVIDE EXAMPLES OF PREVIOUS SUCCESSFUL PROPOSALS FROM PAST ROUNDS OF SIMILAR PROGRAMS?

No, ARENA does not provide sample answers or Proposals for any of its programs. ARENA does not have standard expectations on how questions should be answered. ARENA expects all answers to be honest, succinct, well justified and complete.

## WHAT IS THE DIFFERENCE BETWEEN A FEASIBILITY STUDY AND AN ENGINEERING STUDY?

A Feasibility Study normally precedes an Engineering Study and provides the confidence to proceed to detailed Engineering. For some smaller projects, this may be sufficient to make an investment decision.

A Feasibility study would normally:

- › investigate a technology solution that improves the energy efficiency and/or increases the use of renewable energy and reduces the greenhouse gas emissions of an industrial;
- › investigate the costs and benefits of the technology, and how it would perform compared to the existing or 'business as usual' industrial process technology. This should consider any potential impacts on operability, environmental benefits and scheduling of the plant;
- › establish whether or not the potential technology is technically and commercially viable at the proposed site;
- › enable the Applicant to reach a conclusion on whether or not further development of the proposed technology solution is cost-effective, with the aim of deploying the technology permanently;
- › consider whether the technology is sufficiently well-developed and identify any specific barriers to deployment within the industrial process; and
- › provide an estimated amount of any additional grant funding required to implement the Project and the basis for this estimate

An Engineering Study (or FEED study) must provide sufficient definitive evidence on which to base a Final Investment Decision for the subject project. An Engineering (or FEED) study would normally consider all the following aspects:

- › technical approach including but not limited to performance and commissioning and acquisition of materials, expertise etc;
- › plan for how and when the intervention would be deployed and how any disruption to existing processes would be managed;
- › process flow diagrams;
- › process and instrumentation diagrams;
- › electrical diagrams;
- › facility plot plan;
- › civil and structural design and layout
- › piping and mechanical design
- › refined budget and scope for the project
- › carbon reduction by volume, cost and/ or analysis of other benefits;
- › health and safety, and permitting;
- › planning and consent;
- › environmental impacts;
- › Project delivery requirements and scheduling including identified contractors;
- › Project risks and risk management strategy; and
- › an estimated amount of any additional grant funding required to implement the Project and the basis for this estimate.

## DO I NEED TO INCLUDE BOTH ENERGY EFFICIENCY AND RENEWABLE ENERGY ACTIVITIES WITHIN MY APPLICATION?

No, Applicants may choose to focus on energy efficiency or renewable energy, or both.

## **WILL APPLICATIONS WHICH INCLUDE BOTH ENERGY EFFICIENCY AND RENEWABLE ENERGY ACTIVITIES BE CONSIDERED OF HIGHER MERIT?**

Each application will be assessed on its merits against the Merit Criteria in the relevant Guidelines. The merit criteria do not assign higher merit for combined energy efficiency and renewable energy activities. However, emission reduction potential is one of the Merit Criteria that will be considered for all applications.

## **WHAT ARE SCOPE 1 AND SCOPE 2 GREENHOUSE GAS EMISSIONS?**

- › Scope 1 greenhouse gas emissions are the emissions released to the atmosphere as a direct result of an activity or series of activities at a facility level. Scope 1 emissions are sometimes referred to as direct emissions. Emissions produced from the burning of fossil fuels on site are Scope 1 emissions.
- › Scope 2 greenhouse gas emissions are the emissions released to the atmosphere from the consumption of an energy commodity produced elsewhere. For example, using electricity sourced from the electricity grid results in Scope 2 emissions.

## **WHAT SECTORS IS ARENA TARGETING FOR THIS PROGRAM?**

ARENA is targeting Studies from organisations which align to one or more of the following ANZSIC sectors:

- › Agriculture;
- › Mining (excluding coal mining and oil & gas extraction)
- › Manufacturing;
- › Gas Supply;
- › Water Supply, Sewerage and Drainage Services;
- › Waste Collection, Treatment and Disposal Services; or
- › Data Centres.

If your Study addresses multiple sites, select the sector which aligns with the majority of the sites in your Study.

## **HOW DO I DETERMINE WHICH ANZSIC CODE MY FACILITY BELONGS TO?**

The Australian Bureau of Statistics (ABS) maintains the publication Australian and New Zealand Standard Industrial Classification 2006 (ABS cat no. 1292.0) which can be accessed and downloaded for free on the ABS website at [https://www.ausstats.abs.gov.au/ausstats/subscriber.nsf/O/5718D13F2E345B57CA257B9500176C8F/\\$File/12920\\_2006.pdf](https://www.ausstats.abs.gov.au/ausstats/subscriber.nsf/O/5718D13F2E345B57CA257B9500176C8F/$File/12920_2006.pdf)

## **CAN THE STUDY ADDRESS FACILITIES OPERATING IN ANZSIC CODES, OTHER THAN THOSE SPECIFIED IN THE PROGRAM GUIDELINES?**

ARENA is targeting studies aligned to the sectors outlined in the Program Guidelines. Noting that some activities may apply across sectors, ARENA will assess the merit of sector alignment and industry benefit and learnings as a part of its merit assessment.

## **MY ORGANISATION OPERATES SEVERAL PROCESSING FACILITIES AND WE HAVE PREVIOUSLY IDENTIFIED THE POTENTIAL FOR HEAT PUMPS TO PROVIDE HOT WATER AT THESE SITES. CAN I APPLY FOR A SINGLE STUDY TO ADDRESS THESE MULTIPLE SITES?**

Yes, a single study can include multiple sites. However, the study must provide sufficient detail to progress either to an engineering study (in the case of feasibility studies) or a final investment decision (in the case of engineering studies) on the chosen solution at each of these sites.

## **CAN YOU GIVE AN EXAMPLE OF A “MULTI-TENANTED PRECINCT” STYLE APPLICATION?**

A “multi tenanted precinct”, or “industrial precinct” could be a grouping of industrial facilities within a close geographical area. An example of a relevant study activity could be investigating sharing energy sources or carriers (fuel, heat, infrastructure etc) amongst the precinct sites.

## ARE THERE ANY STUDY ACTIVITIES EXCLUDED FROM THE PROGRAM?

ARENA will not fund the following study activities:

- › options analysis, opportunity assessments or trade studies (trade-off studies);
- › repair and maintenance projects that would be undertaken in the normal course of business;
- › plant closure projects;
- › measures that are not integral to the industrial process, including but not limited to:
  - building lighting;
  - building space heating and cooling;
- › electricity generation, such as solar, wind, or combined heat and power without renewable fuel switching;
- › other technologies not incorporating energy efficiency or renewable energy technologies (or enabling technologies).

## WHAT IS AN “OPPORTUNITY ASSESSMENT” AND WHY IS IT EXCLUDED FROM THE PROGRAM?

An “opportunity assessment”, sometimes also known as an “energy audit” or “options study” or “trade study”, is an early-stage study which seeks to identify a range of possible energy and emission reduction options for further consideration. The IETS Program is seeking to fund later-stage studies which examine a specific chosen solution.

## IS ARENA TARGETING SPECIFIC TECHNOLOGIES?

No, the Program is technology agnostic. However, ARENA will assess the innovation potential of a chosen technology or solution as part of its merit assessment.

Examples of eligible technologies include but are not limited to:

- › heat pumps for process heat,
- › improved process control,
- › high efficiency equipment
- › waste heat and energy recovery,
- › electrification technologies, where the electricity is sourced from renewable supply;
- › renewable fuels, such as bioenergy or renewable hydrogen;
- › solar thermal energy;
- › geothermal energy;
- › energy storage where this enables or supports the renewable energy technology;
- › load flexibility (such as processes with flexible energy demand that can be more easily matched with renewable energy supply); and
- › energy efficiency technologies incorporating one or more of the above elements

## WHAT DOES “ASSOCIATED METERING” MEAN?

In some cases, additional metering or monitoring is required to enable the Study to reach a sufficient level of accuracy to inform a decision on whether to progress the project further. Costs associated with this metering or monitoring may be included in the overall Study cost. Metering or monitoring not required to support the study will not be funded.

## WILL ARENA BE RECOMMENDING OR ASSIGNING CONSULTANTS TO SUPPORT THE STUDY?

No, ARENA will not be recommending or assigning consultants to undertake the studies. Industrial applicants should select their preferred consultant to undertake the work.

## WILL ARENA SUPPORT STUDIES ASSESSING THE MANUFACTURE OR DISTRIBUTION OF RENEWABLE ENERGY TECHNOLOGIES OR ENERGY EFFICIENCY TECHNOLOGIES?

No, the funding is for studies of the implementation of the technologies at an industrial facility, not for their production.



## I HAVE A PROJECT TO PRODUCE RENEWABLE ENERGY AND SELL THIS TO “THE MARKET” GENERALLY, RATHER THAN TO ONE OR MORE SPECIFIC OFFTAKERS. CAN THIS BE FUNDED UNDER THE PROGRAM?

ARENA assesses all eligible applications for merit against the Merit Criteria in the Program Guidelines.

Merit Criterion “D3 - Business Case” requires an outline of the proposed business case for the proposed Project (not the Study). Without any potential offtaker(s) identified it is unlikely that the application would be considered high merit against this criterion as it would be difficult to demonstrate a true need for the activity.

Note that the Guidelines specifically exclude electricity generation technologies which include but are not limited to solar, wind, or combined heat and power, unless there is renewable fuel switching involved (that is, switching from fossil fuels to renewables energy) as part of the proposed Project.

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# FINANCES

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## HOW MUCH FUNDING CAN ARENA PROVIDE TO MY STUDY?

Up to \$43 million will be invested in Studies through the Program. This amount may be varied up or down at the discretion of the ARENA Board. The following funding parameters apply to individual applications:

	MAXIMUM ARENA CONTRIBUTION ( PER CENT) TO STUDY ELIGIBLE COSTS	MINIMUM GRANT AMOUNT	MAXIMUM GRANT AMOUNT
Feasibility Studies	Up to 50 per cent	\$100,000	\$500,000
Engineering Studies	Up to 50 per cent	\$250,000	\$5,000,000

## WHERE IS THE ARENA BUDGET TEMPLATE?

The ARENA budget template can be found in the online ARENANet application form, under ‘Merit Criterion D’.

## IS THERE A REQUIRED LEVEL OF CO-INVESTMENT THAT MUST BE PROVIDED?

It is expected that Applicants will provide a combination of cash and in-kind contributions, alongside the ARENA grant. ARENA will contribute a maximum of 50 per cent of Eligible Study Costs for Feasibility Studies and Engineering Studies. Studies which require lesser contributions from ARENA may be considered of higher merit.

## SHOULD SALARIES BE COUNTED AS IN-KIND OR CASH CONTRIBUTIONS?

Where personnel are already engaged by the Recipient prior to the commencement of the Study and have not been engaged specifically to work on the Study, this cost should be classified as an In-kind Contribution, as opposed to Cash Contributions. In addition, where an existing member of personnel is transferred to work on the Study (for all or part of the time), then the proportion of time that is spent on the Study should be classed as an In-kind Contribution.

Where personnel are (or will be) specifically hired to work on the Study, this can be classed as a Cash Contribution. The hire of personnel to work on the Study may also include the hire of existing personnel, where the duration of their existing engagement does not cover their proposed involvement in the Study. The appropriate FTE must be apportioned to the Study and must not overlap with any pre-existing role or work on other projects.

The Applicant can elect to assign cash salaries from either a Cash Contribution or the ARENA Grant funding request under the budget. This budget and its justification will be assessed for merit under Merit Criterion D.

### **CAN SALARY ON-COSTS BE COUNTED AS CONTRIBUTIONS?**

Yes. Salary on-costs can be calculated as an additional 25 percent of the salary and should be included as eligible expenditure, within the salary budget line. More information is available in the Program Guidelines under Appendix A.

### **WILL OVERHEADS BE ACCEPTED AS A CONTRIBUTION?**

Where overheads are directly related to the Study, e.g. contract negotiation or administration costs incurred as part of the Study management, expenses should be included as eligible expenditure. Where overheads are related to costs incurred in the normal course of business and do not relate directly to the Study these should be considered ineligible expenditure. More information is available in the Program Guidelines under Appendix A.

### **HOW WILL PAYMENTS BE MADE IF MY PROPOSAL IS SUCCESSFUL?**

For Feasibility Studies, 20 per cent of the total grant amount will be paid on Study initiation and the balance on Study completion.

For Engineering Studies, 20 per cent of the total grant amount will be paid on Study initiation, 40 per cent at the Study midpoint and the balance on Study completion.

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## **KNOWLEDGE SHARING**

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### **WHAT ARE ARENA'S REQUIREMENTS FOR KNOWLEDGE SHARING?**

Knowledge sharing does not include any commercially valuable information or intellectual property (IP).

For any successful Applicants, ARENA support must be acknowledged in all communications material distributed by Grant Recipients in relation to the ARENA-funded Study. Knowledge sharing refers to lessons learnt throughout the Study and creating opportunities for further uptake of the studied technologies in the wider energy and industrial sectors. In some cases, this may be made publicly available, in others it may be restricted to a relevant audience within the specific sector.

For this Program, Knowledge Sharing is an Eligibility Criterion. Applicants are required to agree to a Knowledge Sharing Plan which can be found on the Program webpage and in the Guidelines and in the Program Funding Agreement template.

Further information is available at  
arena.gov.au

## Australian Renewable Energy Agency

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### Engage with us

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