

COMMUNITY BATTERIES FUNDING ROUND 1

FREQUENTLY ASKED QUESTIONS

JUNE 2023



Australian Government
Australian Renewable
Energy Agency

ARENA

Community Batteries Round 1: FAQs

Version: 23 June 2023

Version Date	Description
4 April 2023	Funding Announcement Launch
31 May 2023	Additional questions added: 1.6, 2.7, 2.8, 3.12, 3.13, 4.8, 4.9, 4.10
23 June 2023	Additional questions added: 4.11, 4.12

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1 Applicants

1.1 Can my organisation apply for funding?

Section 2.2 of the [ARP Guidelines](#) sets out the eligibility requirements for Applicants, as follows: to be eligible for funding, at the time of applying, your organisation must hold an Australian Business Number (ABN) and

- be (or warrant that you will be at the time of entering into a funding agreement) an Australian entity incorporated under the Corporations Act 2001 (Cth) or
- be a Commonwealth entity prescribed as a government business enterprise by section 5(1) of the Public Governance, Performance and Accountability Rule 2014 or
- be an Australian State or Territory owned corporation or a subsidiary of an Australian State or Territory owned corporation or
- be an Australian local government or council.

In addition to the above eligibility requirements, section 4 of the [Funding Announcement – Community Batteries Funding Round 1](#), sets out the additional criteria, as follows: Distributed Network Service Providers (DNSPs) are eligible to apply to Stream A and Non DNSPs are eligible to apply to Stream B. Community batteries in Stream A will be connected front-of-meter, and community batteries in Stream B can be connected either front-of-meter or behind-the-meter.

1.2 Does the type of organisation applying impact merit assessment?

ARENA's eligibility criteria require the Applicant to meet certain criteria, which are set out in the Funding Announcement and the ARP Guidelines.

The capability and capacity of the Applicant and Project Partners to deliver the project is assessed under Merit Criterion B. Refer to section 3.5 of the ARP Guidelines for more information on how to demonstrate merit against this criterion.

Round 1 requires successful delivery of multiple community batteries within a relatively short timeframe. Infrastructure deployment projects are considered relatively complex to manage and ARENA therefore expects high merit applications to have experienced Applicants and Project Partners.

1.3 I represent a local community group; can ARENA help us engage potential project developers?

In order to maintain neutrality as part of the assessment process, ARENA is unable to connect local community groups with project developers or energy distributors (or vice versa).

For community groups wanting to learn more about the integration of renewable energy into communities, the Clean Energy Council has released a helpful guide [“A Guide to Benefit Sharing Options for Renewable Energy Projects”](#)

1.4 Can my community group apply for funding?

A community group that meets the eligibility criteria can apply for funding under Stream B. Community Batteries are considered a relatively new type of infrastructure presenting a complex range of challenges that affect deployment. ARENA considers the experience, capability and capacity of applicants and their partners as part of its merit assessment. A community group with little to no experience developing and deploying similar infrastructure is likely to be considered low merit against this criterion. Where possible, community groups are encouraged to partner with entities that can support or lead such deployment.

Proposals that intend to deploy less than five Community Batteries are likely to be considered low merit.

1.5 Can project partners be from overseas?

Yes. However, as per the Advancing Renewables Program (ARP) Guidelines, the majority of work must take place in Australia and no more than 10 percent of ARENA funding can be spent overseas, except if being used to purchase materials or equipment.

1.6 Are Council Joint Organisations eligible for funding?

Joint Organisations are Local Government Statutory Authorities which are considered to be an Australian local government or council as defined under item 2.2 of the ARP Guidelines for Round 1.

2 Projects

2.1 What types of community batteries are allowed in Round 1?

For Round 1, community batteries are chemical batteries of at least Technology Readiness Level (TRL) 9, in the range of 50 kW to 5000 kW nameplate capacity, connected in the Distribution Network. Batteries that are co-located or share a connection point will be considered a single community battery, with a total size equal to the aggregate nameplate capacities at that point of connection. Please see section 3 of the Funding Announcement for more information.

More information on TRLs can be found at [“Technology and Commercial Readiness Tools”](#).

2.2 What type of Projects does Round 1 seek to support?

As set out in section 3 (Scope of Activity) of the Funding Announcement, ARENA expects that Projects under Round 1:

- involve deployment of a minimum of five batteries;
- have an ARENA Grant funding request range from \$3 million to \$20 million; and ARENA’s funding will not exceed 100% of Battery Capex Cost.
- are Front of Meter Configuration (FTM) for Stream A; and
- are Front of Meter Configuration and/or Behind the Meter (BTM) for Stream B.

Batteries at individual households will not be eligible for ARENA funding. Please see section 3 of the Round 1 Funding Announcement for further information.

2.3 Are there any restrictions on the start and end dates of Projects?

Round 1 seeks to support projects that feature large volumes of batteries and faster deployment times. ARENA will negotiate terms with successful Applicants, in accordance with the terms of ARENA’s Funding Agreement, and expects that projects to be fully constructed within 24 months of execution of an agreement.

2.4 What if I need more time to develop my Project?

Round 1 is aimed at supporting large, ready to deploy projects and will build industry knowledge about community batteries. ARENA intends to run a second round to accommodate projects with longer development times and will provide more information later in 2023.

2.5 What if I don’t know the locations and sizes of all batteries yet?

While Round 1 is aimed at supporting large, ready to deploy projects. ARENA understands that some applicants may not yet have finalised their battery configurations and locations. Please complete the

List of Batteries template available at [the Round 1 website](#) to the best of your knowledge at the time of submission of your Proposal.

2.6 Does success in Round 1 jeopardise an Applicant's potential to receive funding in future rounds?

The outcome of an assessment of an application in Round 1 will not be taken into consideration in the assessment of future rounds. A successful Applicant in Round 1 would not be excluded or assessed more or less favourably in future rounds.

2.7 Are there restrictions on locations or end users of community batteries?

As set out in the Funding Announcement Glossary, examples of front of the meter configurations include batteries connected to distribution or Zone substations.

The Funding Announcement Glossary also sets out example settings for behind the meter community batteries, which include:

- Retirement villages / housing developments / social housing
- Council buildings (depots, aquatic centres)
- Hospitals and schools Community infrastructure (sports facilities, community halls, bus depots)
- Regional shopping centres

In all cases, the merit assessment of the application will consider how the deployment of communities will contribute to the Round 1 Objective.

2.8 How do I know if my community batteries will be considered as a single or multiple batteries under item 3a of the Funding Announcement?

The Funding Announcement Scope of Activity sets out two tests for whether several batteries would be considered a single battery under Round 1:

- If they are co-located (physically proximate to one another)
- If they share a connection point (electrically connected to one another)

While applications will be assessed individually on their merit, it is likely that batteries that are at the same address, lot number or physical location; or share a connection point such as a gate meter or sub-meter would be considered a single battery as set out in the Scope of Activity.

3 Assessment Process

3.1 How do I apply for funding?

Expressions of Interest (EOIs) and Full Applications must be submitted using ARENA's Grants Management System, ARENAnet. Please refer to section 10 of the Funding Announcement for key dates.

Each section of the application form 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 before the EOI Due Date.

3.2 How does ARENA decide which Project will receive funding?

ARENA will assess eligible Projects against the five Merit Criteria as set out in the Funding Announcement. ARENA will engage its expert panel to undertake this process. A list of Advisory Panel members is available on the ARENA website. The Merit Criteria are:

- A. The extent to which the Project will contribute to the Program Outcomes and Round Objective as set out in the Round 1 Funding Announcement.
- B. The capability and capacity of the Applicant, Project Partners and key Project personnel to deliver the Project.
- C. The quality of project design, project risk, risk of negotiating a funding agreement, and compliance with other requirements outlined in Part 5 of the ARP guidelines.
- D. The financial capacity to deliver the project; whether the project is commercially viable without ARENA funding; whether the amount of ARENA funding sought (and the form in which it is to be provided) and the total cost of the project is appropriate.
- E. The value of the knowledge generated by the project in contributing to the Program Outcomes.

Please see section 5 of the Funding Announcement for further information.

3.3 Will ARENA consider one Stream more favourably than another?

ARENA will assess each of the two Streams separately. This means, for example, that Stream A Applications will not be assessed against Stream B Applications. However, ARENA reserves the right to reallocate funding from one Stream to the other if it considers that there are insufficient high merit Applications in one Stream.

3.4 What does “value for money” as set out in the ARP Guidelines mean?

ARENA will seek to provide the minimum amount of funding required for the Project to deliver the desired outcomes. ARENA will need to be satisfied that the Project is not commercially viable without ARENA support. To demonstrate the funding requirement, Applicants need to provide a financial model that outlines minimum grant size required to meet the Applicant’s investment criteria hurdle rate, for example, Internal Rate of Return or Net Present Value. ARENA expects Applicants to demonstrate that the Project would be unlikely to proceed without grant support.

3.5 Do Applications require attachments?

Yes. All Applications at the EOI stage must include a Project Plan, financial model, and list of proposed community batteries to be installed. The list of community batteries must be provided in the ARENA template, available for download through the [Round 1 website](#).

3.6 Do EOI stage Applications require Community Consultation and Risk Management Plans?

No, ARENA only requires EOI Applications to detail the development approach to Community Consultation and Risk Management within the Project Plan attachment. Proposals will require separate Community Consultation and Risk Management Plans at Full Application Stage.

3.7 How long will the entire application process take?

Applications will be assessed once the EOI submission period has closed. It is expected Applicants will be notified in writing of the outcome of their assessment within 8 weeks from the closure of the EOI submission period.

Full Applications will be accepted any time after a successful Applicant receives an invitation to the Full Application Stage, up to the Full Application Due Date. ARENA expects to execute first Funding Agreements with successful Applicants from Q4 2023 to Q1 2024.

3.8 What is a portfolio approach?

ARENA takes a portfolio approach to selecting Activities for funding, giving consideration to how each Project will contribute to the Round Outcomes.

ARENA may 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 or that ARENA is intending to fund.

Portfolio considerations include, but are not limited to, overall quantity of batteries, geographic spread, supply chain or market constraints to support installations in any given area.

3.9 Can ARENA help with my Application?

ARENA will not be providing assistance or collaboration during the EOI stage, but will update this FAQ document as needed, to provide further guidance. At the Full Application stage ARENA may work with Applicants to develop their applications.

3.10 What feedback can I get on my Application?

ARENA will provide written feedback to Applicants who are invited to the Full Application Stage. Feedback to unsuccessful Applicants will be provided in a form that ARENA determines to be appropriate. All decisions made by ARENA will be considered final. Generic feedback may be provided to unsuccessful Applicants upon request.

3.11 Can ARENA provide examples of previous successful Applications from past rounds?

No, ARENA does not provide sample answers or Applications for any of its programs.

3.12 Can I submit multiple applications?

Each application will be assessed individually, and ARENA reserves the right to apply a portfolio approach, as set out in the Funding Announcement and section 4.23 – 4.24 of the ARP Guidelines. Please refer to question 3.8 of this document for more guidance on Portfolio Approach. On this basis, a single Applicant may submit multiple applications.

3.13 How do I estimate the project's contribution to lowering emissions?

There are many recognised methods to estimate the emission reduction potential of a project, and the appropriate method will depend on the project and Applicant. ARENA acknowledges that any estimate of emissions reduction will be subjective and dependent on many assumptions. A resource that Applicants may find helpful is the National Greenhouse Accounts Factors (<https://www.dcceew.gov.au/climate-change/publications/national-greenhouse-accounts-factors-2022>).

4 Finances

4.1 How much funding can ARENA provide to my Project?

For Round 1, ARENA expects that the grant amount will be between \$3 million and \$20 million. Please refer to question 3.4 of this document for information on value for money and grant sizing.

In addition to the maximum expected grant per Project, funding is limited to 100% of battery capex costs. Please refer to the [Funding Announcement](#) glossary for the definition of battery capex.

4.2 Where is the ARENA budget template?

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

4.3 Why does ARENA require co-investment and is there a minimum level?

ARENA expects to provide the minimum grant size required to make a project commercially viable and requires a co-investment commitment to ensure the Applicant has the appropriate level of funding to successfully complete the Project. Project Partners need to provide letters of support as evidence of cash or in-kind contributions to demonstrate sources of funding. In the Full Application stage, ARENA may provide feedback on the appropriate size of the ARENA grant based on the economics of your project. Should your project be approved for funding, the amount of grant funding may be reduced if the economics of the project change.

4.4 Should salaries be counted as in-kind or cash contributions?

Where personnel are already engaged by the Recipient prior to the commencement of the Project and have not been engaged specifically to work on the Project, 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 Project (for all or part of the time), then the proportion of time that is spent on the Project should be classed as an In-kind Contribution.

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

4.5 Will overhead costs be accepted as a contribution?

Where overheads are directly related to the Project, e.g. contract negotiation or administration costs incurred as part of Project management, these expenses can 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 Project, e.g. general administration costs, these should be considered ineligible expenditure. More information is available in the Program Guidelines under Appendix B.

4.6 How will payments be made if my Application is successful?

ARENA's anticipated approach to payments is set out in the Milestones table in the Funding Agreement. Please see Schedule 1 of the Funding Agreement template provided on ARENA's Community Batteries webpage for more information.

4.7 What are ARENA's requirements for knowledge sharing?

Knowledge sharing refers to lessons learnt throughout the Project, the sharing of successful stories, and creating opportunities for collaboration with the wider renewable energy sector. In some cases, this may be made publicly available, in others it may be restricted to a relevant audience within the

specific sector. ARENA's approach to knowledge sharing not include sharing of any commercially sensitive information or intellectual property (IP).

Please refer to the Knowledge Sharing Plan template in Schedule 1 of the Funding Agreement template for more information.

4.8 What is a financial model and how do I create one?

Financial models are a business analysis tool that can forecast an organisation or project's income, cashflow, and balance sheet.

As set out in Part 5 of the Funding Announcement, the Financial Model attachment includes, at a minimum:

- Revenue Projections
- Cost Breakdown
- Assumptions
- Ability to sensitise model to view the project returns.

The main purpose of the Financial Model is to allow ARENA to understand the financial business case for the project and the rationale for the level of grant funding request, which may be based on the project delivering a target financial return expressed as an internal rate of return (IRR) or net present value (NPV) of project cashflows.

There are many resources available online to support the development of a Financial Model, however if your organisation does not have the in-house skills to develop one, you may need to seek third-party support.

4.9 Are ongoing costs such as operations and maintenance eligible for funding?

As set out in the Funding Announcement, projects involve the deployment of community batteries. The majority of ARENA funding is expected to be paid against milestones deliverables based on evidence of connection and operational status of the community battery. A small amount of funding may be paid on final delivery of knowledge sharing obligations and final reporting. ARENA will not fund ongoing operation and maintenance costs of the community battery.

4.10 How much co-investment do I need to contribute to my Project?

As set out in item 1.14 of the ARP Guidelines, ARENA will provide the minimum amount of funding to allow the Activity to proceed (refer to question 4.8). Under the ARP Guidelines, ARENA typically expects to provide a maximum 1:1 contribution (i.e. up to 50% of eligible expenditure) and as set out in the Scope of Activity of the Funding Announcement, ARENA's funding will not exceed 100% of Battery Capex Cost.

4.11 How will ARENA allocate funding if the Round is oversubscribed?

Full Applications will be assessed on their individual merits against the Merit Criteria on a first come first served basis until the available funds for the Round are exhausted. ARENA will adopt a Portfolio Approach to selecting Projects for funding, considering how each Project will contribute to the Round Outcomes.

Portfolio Approach considerations include, but are not limited to, achieving the overall target quantity of batteries deployed, geographic spread and consideration of supply chain or other constraints that may apply within a given geographic area. ARENA may 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 or that ARENA is intending to fund.

4.12 Will funding be reallocated between Streams or roll over from Round 1 to Round 2 if insufficient high merit proposals are received?

As stated in clause 2 of the Funding Announcement, ARENA reserves the right to allocate an amount of funding that is lower than the Total Funding Allocation or to reallocate funding between the two Streams if there is an insufficient number of high merit Proposals received under one or both Streams. ARENA may, at its discretion, allocate an amount of funding greater than the Total Funding Allocation should sufficient high merit projects be proposed within the Round and if ARENA considers this to represent value for money.