

SUSTAINABLE AVIATION FUEL FUNDING INITIATIVE

Funding Announcement

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Australian Government
Australian Renewable
Energy Agency

ARENA

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SUSTAINABLE AVIATION FUEL FUNDING INITIATIVE

[Australia's Bioenergy Roadmap](#) identified aviation as a hard-to-abate industry where market opportunities could be unlocked from Australia's bioenergy sector. In November 2021, the Federal Government allocated \$30 million of funding to the Australian Renewable Energy Agency (ARENA) to support the development of an advanced biofuels sector.

Following stakeholder consultation and market developments since this time, the scope of this initiative is targeted towards the development of a sustainable aviation fuel (SAF) industry with production from Renewable Feedstocks¹ in Australia.

This Funding Announcement sets out the process under which ARENA seeks proposals to deliver SAF projects under the Advancing Renewables Program (ARP). This process is referred to as the Sustainable Aviation Fuel Funding Initiative (SAF Funding Initiative).

This Funding Announcement should be read in conjunction with the [ARP Guidelines](#), which apply to the SAF Funding Initiative. Definitions contained in the ARP Guidelines also apply to this Funding Announcement, unless otherwise stated. Additional definitions used in this Funding Announcement are set out in Section 12 'Glossary'.

1. SAF FUNDING INITIATIVE OBJECTIVE

The Objective of the SAF Funding Initiative is to fund Activities that contribute to one or more of the following Outcomes:

- a. Advance the technology readiness level (TRL) and commercial readiness index (CRI) of SAF technologies for at-scale deployment.
- b. Facilitate a pathway to the technical and commercial viability of producing SAF from Renewable Feedstocks in Australia.
- c. Build industry capacity in the production of SAF from Renewable Feedstocks in Australia.

2. FUNDING ALLOCATION

ARENA has allocated \$30 million (Total Funding Allocation) for the SAF Funding Initiative. ARENA reserves the right to allocate an amount of funding that is lower than the Total Funding Allocation. ARENA may, at its discretion, allocate an amount of funding greater than the Total Funding Allocation if it considers this to represent value for money.

¹ While the power-to-liquid or e-fuel production pathway is likely to play a role in the aviation sector by 2050, it is not included in the scope of this SAF Funding Initiative given the relatively lower level of development.

3. SCOPE OF ACTIVITY

The SAF Funding Initiative is open to eligible entities for Proposals that align with the SAF Funding Initiative Objective described in Section 1. Activities may include:

- a. Commercial or pre-commercial scale engineering feasibility, front-end-engineering-design (FEED) studies or other project development activities.
- b. Pilot-scale or pre-commercial demonstrations of novel technologies that have a demonstratable pathway to produce SAF.
- c. Demonstration of novel and scalable approaches to establishing the supply chain required in a future SAF industry.

4. ELIGIBILITY REQUIREMENTS

Applicants under the SAF Funding Initiative are required to meet all Eligibility Criteria as outlined in the ARP Guidelines, including that the Activity does not include research components between TRL 1-3.

Under clause 2.3 of the ARP Guidelines 'Eligibility Criterion B - Eligible Activity', Proposals must adhere to the following additional eligibility criteria specific to this SAF Funding Initiative:

TABLE A - ELIGIBILITY CRITERIA

ELEMENT	DESCRIPTION
Eligible Renewable Feedstock	Proposals must use a Renewable Feedstock or product produced from a Renewable Feedstock. Renewable Feedstocks are feedstocks that are of a biogenic origin and replenishable nature. Feedstocks that are predominantly of fossil origin such as products of crude oil are considered non-renewable and ineligible under the Funding Initiative.
Eligible Approved Production Pathway	Proposals must include an Approved Production Pathway. Under the SAF Funding Initiative, Power to Liquid (PtL) pathways are not considered an Eligible Production Pathway.

5. CLARIFICATION OF MERIT CRITERIA

The Merit Criteria for this SAF Funding Initiative includes all criteria in clause 3 of the ARP Guidelines, with additional considerations relevant to the SAF Funding Initiative, as set out in Table B below.

The SAF Funding Initiative is not a Competitive Process as defined in section 4.27 - 4.32 of the ARP Guidelines. Proposals will be assessed against the Merit Criteria on an individual and non-competitive basis.

TABLE B - MERIT CRITERIA

ARP MERIT CRITERIA	MERIT CRITERIA GUIDANCE
<p><i>A - Contributes to the SAF Funding Initiative Objective</i></p>	<p><i>This criterion assesses how well the project contributes to the Program Outcomes and the Objective in section 1 of this Funding Announcement.</i></p> <p>ARENA will assess this criterion in accordance with the ARP Guidelines. Proposals that address the following matters specific to this SAF Funding Initiative will be considered higher merit as part of this criterion:</p> <ul style="list-style-type: none"> › Alignment of the Project to the SAF Funding Initiative Objective. › Demonstration of a sustainable and long-term pathway to produce SAF from the proposed Renewable Feedstock, including specific consideration to the current use of the proposed Renewable Feedstock and any impact or changes to land use. › Alignment with the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) Sustainability Criteria for CORSIA Eligible Fuels. › Demonstration of a credible commercialisation pathway to produce SAF from Renewable Feedstocks in Australia. This includes consideration of how the costs of production will reduce over time and alignment to forecast demand.
<p><i>B - Applicant capability and capacity</i></p>	<p><i>This criterion assesses the capability and capacity of the Applicant and Activity Partners to deliver the project.</i></p> <p>ARENA will assess this criterion in accordance with the ARP Guidelines. Proposals that address the following matters specific to this SAF Funding Initiative will be considered higher merit as part of this criterion:</p> <ul style="list-style-type: none"> › Demonstration of support from key industry stakeholders (including feedstock providers, technology suppliers, refineries and/or end-users), including the terms of support (whether financial, operational, or other). › Collaboration across the supply chain and existing industry to assist with the deployment of the Project. › Demonstration of experience and expertise of the Applicant and project partners, including where they have successfully developed SAF technologies and/or delivered SAF or other renewable fuel projects of a similar nature, scale, or value in Australia or internationally and/or have experience with conventional liquid fuels or feedstock supply and aggregation. › The appropriateness of the proposed allocation of roles and responsibilities between the Applicant and project partners (including but not limited to technology suppliers, engineering contractors, advisors, and commercial partners). › Clear outline of how the Project aligns with the emission reduction plan(s) of the Applicant and Project Partners

C - Activity design, methodology, risk, and compliance

This criterion assesses:

- › *how well designed and planned the project is, including whether it has clearly defined Objective and methodology, as well as the approach to identifying, managing, and reporting the personnel, delivery, technical and financial risks of the project;*
- › *Project risk in terms of the likely success of the project;*
- › *the risk of negotiating and executing a Funding Arrangement which is acceptable to ARENA. The extent of proposed departures from ARENA's standard funding agreement terms as set out in the Funding Agreement will be considered at the Full Application stage; and*
- › *compliance with any other requirements outlined in Part 5 of the ARP Guidelines.*

ARENA will assess this criterion in accordance with the ARP Guidelines. Proposals that address the following matters specific to this SAF Funding Initiative (where applicable) will be considered higher merit as part of this criterion:

- › Provision of detail on the selected technology pathway for SAF production, including estimated yields and the pathway to certification
- › Demonstration of a credible pathway to the production of a final SAF product.
- › Demonstration of a credible pathway for the supply, aggregation, and transportation of Renewable Feedstock.
- › An overview of the life cycle emissions or analysis of the proposed production pathway.
- › Consideration of risks including social licence, feedstock availability, permitting, planning and environmental approvals, technology, and funding.

Note that at the Expression of Interest (EOI) stage, an approach to community consultation and risk management information should be included in the Project Plan. At the Full Application stage, a separate Risk Management Plan should be provided and ARENA will advise Applicants whether they are required to submit a separate Community Consultation Plan

D - Financial viability and co-funding commitment

This criterion assesses 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. In doing so it assesses:

- › *Whether you and any Activity Partners have the financial capacity and appropriate levels of co-funding commitment to deliver the Project successfully;*
- › *The extent to which you or other Activity Partners are providing funding or in-kind support for the project;*
- › *Relevant industry benchmarks for the economics of a particular project; and*
- › *Whether the project could likely proceed in the absence of ARENA funding.*

ARENA will assess this criterion in accordance with the ARP Guidelines. Proposals that address the following matters specific to this SAF Funding Initiative will be considered higher merit as part of this criterion:

- › The level of confidence regarding project cost estimates, and how clearly this is defined. Proposals should include external evidence of such where applicable.
- › Evidence of clear financing strategy for all funding required for the Project (including a plan for managing cost overruns), as well as a credible financing strategy for commercial-scale deployment.
- › A financial model that presents the economic case for the selected production pathway, including the cost of a final delivered SAF product in \$/tonne for the Project and at scale (where applicable).
- › Clear justification for the ARENA grant request and evidence of the commercial gap in the Project or technology pathway.
- › ARENA expects grants requests to be a minimum of \$1 million and a maximum of \$30 million.

E - Knowledge sharing

This criterion assesses:

- › *the value of the knowledge generated by the project in contributing to the Program Outcomes;*
- › *how well that knowledge is targeted to specific audiences; and*
- › *how you will capture, store, and disseminate the data, information and lessons learned from the project.*

ARENA will assess this criterion in accordance with the ARP Guidelines.

Note that at the EOI stage, knowledge sharing information should be included in the Project Plan. At Full Application stage, a separate Knowledge Sharing Plan will be required to be provided.

EOI STAGE

At the EOI stage, Applicants must provide a Project Plan. ARENA expects the Project Plan to be of approximately 20-30 pages, excluding any additional attachments that provide evidence of claims. A Financial Model is also requested where relevant.

- › *Project Plan:* In addition to the requirements specified in Section 5 Clarification of Merit Criteria, the project plan document should include (at a minimum):
 - a. Summary of the project including description, feedstock, technology, and location.
 - b. Consideration of how your chosen feedstock meets the Renewable Feedstock definition and meets the CORSIA Sustainability Criteria for CORSIA Eligible Fuels.
 - c. List of key Activity Partners and their proposed roles and responsibilities.
 - d. An overview of any development, planning and environmental approvals, permits and /or licenses required for the project.
 - e. Approach to land access for the proposed project location.
 - f. Timeline for the project, including key milestones.
 - g. Approach to managing potential cost overruns, and amount of contingency allowed.
 - h. Outline how the Project aligns with the emission reduction plan(s) of the Applicant and Project Partners, as well as any relevant climate or nature related financial disclosures
 - i. Evidence to support budget estimates.
 - j. An outline of key risks and approach to management and mitigation.
 - k. An overview of key contractual agreements for the project (i.e., suppliers, off takers)
 - l. Approach to community consultation and how the project contributes to a social licence to operate.
 - m. Demonstration that the project would not be able to proceed without the requested ARENA Funding.
 - n. Estimation of the capital cost and timeframe to deliver at scale deployment. Consideration of the barriers and potential pathways to unlock commercial deployment.
- › *Financial Model:* A dynamic financial model in excel format or similar that includes (at a minimum):
 - a. expected revenues over the life of the project, including the source of these revenue projections.
 - b. expected costs over the life of the project, with clear breakdown of cost categories.
 - c. All assumptions to be clearly labelled and dynamic.
 - d. Ability to sensitise the model to view the equity Internal Rate of Return (IRR) with and without ARENA Funding.

6. APPLICATION AND ASSESSMENT PROCESS

The application and assessment process will be as set out in the ARP Guidelines, and in this Funding Announcement.

a. Evaluation of Proposals

ARENA will assess Proposals against the ARP Merit Criteria and the additional criteria set out in this Funding Announcement.

As in Section 6.7 of the ARP Guidelines, ARENA may (in its absolute discretion) reject, refuse to consider, or cease evaluating an EOI or Full Application at any time if ARENA determines (in its absolute discretion) that the EOI or Full Application is unlikely to be successful. An application that does not meet the requirements as set out in the Scope of Activity (Section 3) is unlikely to be successful.

ARENA reserves the right to apply a portfolio approach when offering funding under the SAF Funding Initiative (as set out under ARP Guidelines clauses 4.23 and 4.24).

b. EOI stage

Applicants for this SAF Funding Initiative must submit an EOI application through [ARENANet](#) no later than the EOI Due Date. ARENA may commence assessments of Proposals once received and prior to the EOI Due Date.

ARENA can provide high-level guidance to Applicants on the scope of the proposal at the EOI stage and will issue a Frequently Asked Questions (FAQ) document to provide guidance to Applicants, which will be available on the SAF Funding Initiative web page or the following [link](#). The FAQ document may be updated by ARENA throughout the process. Queries can be emailed to saf@arena.gov.au.

c. Full Application stage

A Full Application will only be accepted from Applicants invited by ARENA to submit a Full Application following the assessment of EOIs. Full Applications must be submitted through ARENANet by no later than the Full Application Due Date.

As the SAF Funding Initiative is not a Competitive Process as defined in the ARP Guidelines, ARENA may collaborate with Applicants and work up applications at the Full Application stage at its discretion, as set out in sections 4.20 - 4.22 of the ARP Guidelines.

Only Full Applications that are assessed as being of high merit against the Merit Criteria will be recommended for ARENA funding.

d. Changes between EOI and Full Application Stages

ARENA reserves the right to decline to assess Full Application Proposals where a material change is observed from the EOI stage. ARENA will determine, at its discretion, whether any such change is material in nature.

Similarly, no material change to the Proposal is expected between the Full Application and execution of a Funding Agreement. ARENA will determine, at its discretion, whether any such change is material in nature. If a material change occurs, ARENA reserves the right to decline to proceed to an executed funding agreement.

e. Publication of information

ARENA may publish aggregated and non-identifiable data from the Proposals received to provide information on the range of Proposals received. This may include information on any or all of the following:

- › Total Activity cost.
- › Grant Funding amount.
- › ARENA grant as a percentage of total Activity cost.

7. OFFER TO NEGOTIATE

ARENA will issue a non-binding letter of offer to negotiate a Funding Agreement (Offer to Negotiate) to Applicants who successfully pass through the Full Application stage and obtain ARENA Board approval. The Offer to Negotiate will outline the terms under which ARENA is prepared to enter into negotiations for a Funding Agreement for the Project and will outline:

- › the amount of ARENA Funding that is being offered;
- › the terms and conditions associated with the offer of ARENA Funding;
- › the timetable that the Applicant is required to meet;
- › the terms under which ARENA may withdraw the offer of funding; and
- › any other information ARENA considers relevant.

In accordance with the ARP Guidelines, ARENA retains the right to offer an Applicant an amount of funding that is less than the amount of ARENA funding requested in the Full Application.

At its discretion, ARENA may also increase the amount of ARENA Funding if doing so is considered to represent value for money and in line with the SAF Funding Initiative Objective.

8. COMMUNICATIONS AND PUBLIC ANNOUNCEMENTS

Any media releases by Applicants related to Projects in the SAF Funding Initiative are to be jointly agreed between ARENA and the Applicant ahead of issue. All media announcements, releases, or other public disclosure to third parties relating to the Project and the SAF Funding Initiative require the prior written approval of ARENA. Once a Funding Agreement is executed, the terms of the Funding Agreement will govern any public announcements.

9. FUNDING AGREEMENT

The Funding Agreement provides the legal framework for the obligations of each party and terms of payment for each successful Full Application under the SAF Funding Initiative.

The Funding Agreement template is provided on the ARENA website page dedicated to the [Sustainable Aviation Fuel SAF Funding Initiative](#). ARENA may issue a revised Funding Agreement template following the EOI stage. Compliance with the Funding Agreement will not form part of the assessment process at EOI stage. At the Full Application stage, compliance with the Funding Agreement will form part of ARENA's assessment of project risk under ARP Merit Criterion C.

Applicants must provide a detailed list of any proposed amendments to the Funding Agreement in the form of a compliance table. A template compliance table is provided at [Compliance table template](#). ARENA is unlikely to accept material proposed amendments to the Funding Agreement template that have not been raised in the Applicant's Full Application.

10. KNOWLEDGE SHARING PLAN

A Knowledge Sharing Plan specific to the SAF Funding Initiative is provided on the webpage or the following [link](#). Compliance with the Knowledge Sharing Plan will form part of ARENA's assessment under ARP Merit Criterion E.

Applicants are required to provide a response to the Knowledge Sharing Plan with their EOI and Full Application. Applicants are encouraged to include any knowledge sharing outputs that it considers to be valuable to the market.

11. TIMETABLE

The timetable for the SAF Funding Initiative is presented in the table below.

EOI STAGE	
EOI Open Date	Monday 3 July 2023
EOI Due Date	Wednesday 1 November 2023 by 5pm AEDT
EOI outcome	ARENA intends to issue invitations to submit a Full Application by early February 2024. ARENA also intends to notify unsuccessful applicants within this period.
FULL APPLICATION STAGE	
Full Application Due	Full Applications may be submitted at any time once ARENA's feedback at the EOI Stage has been addressed. A closing date for Full Applications will be outlined to successful EOI applicants.
Offer to Negotiate or communication of outcome of the Full Application stage	ARENA aims to assess Applications and issue outcome letters from the Full Application as they are received until available ARENA Funding has been allocated.

ARENA reserves the right to not accept an EOI or a Full Application submitted after the relevant Due Dates specified above (or as amended).

The above dates represent the current timetable for the SAF Funding Initiative. ARENA retains the right to amend proposed timelines and stages or alter any element of the SAF Funding Initiative at its discretion. Any such changes will be published on ARENA's website.

GLOSSARY

\$	All references to dollars or \$ are to Australian Dollars.
Activity	Has the same meaning as in the ARP Guidelines.
Activity Partners	Has the same meaning as in the ARP Guidelines.
AEDT	Australian Eastern Daylight Time
AEST	Australian Eastern Standard Time
Approved Production Pathway	Production of SAF in accordance with internationally recognised certification pathways such as ASTM or where a pathway to certification can be outlined. Under the SAF Funding Initiative PtL pathways are not considered as an eligible pathway.
ARENA Funding	Funding to be provided by ARENA under this Funding Announcement
ARP	Advancing Renewables Program
ASTM	American Society for Testing Materials
CRI	Commercial Readiness Index
Eligibility Criteria	The criteria set out in Part 2 of the ARP Guidelines and clarified in this Funding Announcement.
EOI	Expression of interest
EOI Open Date	The date when ARENA will begin accepting EOI submissions for the Round.
EOI Due Date	The date when ARENA will cease accepting EOI submissions for the round.
FAQ	Frequently asked questions, a copy of which will be published on the webpage
FEED	Front End Engineering and Design
Full Application Due Date	The date when ARENA will cease accepting Full Application submissions for the round.
Funding Agreement	The agreement to be entered into by an Applicant and ARENA for funding under the ARP. A template is available on the ARENA website at Funding Agreement .
Knowledge Sharing Plan	Template plan setting out the minimum knowledge sharing deliverables expected to be provided by the Applicant.
Merit Criteria	The merit assessment criteria set out in Part 4 of the ARP Guidelines, including the additional criteria set out in this Funding Announcement.
Offer to Negotiate	The non-binding offer to negotiate a Funding Agreement to be issued to those Applicants that are successful at the Full Application stage of this SAF Funding Initiative.
Proposal	Has the same meaning as in the ARP Guideline
Project Plan	The principal application document, which includes a summary of all the items detailed in Appendix A and refers to any further supporting information (via attachments). The Project Plan should support the Applicant's response to each of the merit criteria.
PtL	Power to Liquids relates to the production of a synthetic fuel from inputs including carbon dioxide and hydrogen produced from renewable energy. These inputs are then synthesised to a final synthetic fuel.
Renewable Feedstock	Feedstocks that are of a biogenic origin and replenishable nature. Feedstocks that are predominantly of fossil origin such as products of crude oil are considered non-renewable and ineligible under the Funding Initiative.
SAF	Sustainable Aviation Fuel. SAF serves as an alternative to traditional jet fuel that is derived from fossil fuels. This fuel is produced using feedstocks that can reduce carbon emissions compared to traditional jet fuel.
SAF Funding Initiative	The process that will be used by ARENA under the ARP to fund SAF Proposals, as set out in the ARP Guidelines and this Funding Announcement.
Total Funding Allocation	The total amount of ARENA Grant Funding allocated to SAF Funding Initiative.
Total Project Cost	All costs incurred to construct and finance the project including costs incurred during the development stage.
TRL	Technology readiness level. A definition of TRL is outlined in Appendix A of the ARP Guidelines

Further information is available at
arena.gov.au

Australian Renewable Energy Agency

To explore potential for funding visit:
arena.gov.au/funding

Postal Address

GPO Box 643
Canberra ACT 2601

Location

2 Phillip Law Street
New Acton ACT 2601

Engage with us

ARENAWIRE



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