REGIONAL MICOGRIDS PROGRAM

FREQUENTLY ASKED QUESTIONS

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Australian Government
Australian Renewable Energy Agency

ARENA

Regional Microgrids Program: FAQs
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Contents

1 Applications

1.1 Can my organisation apply for funding?

Section 3.2 of the Program Guidelines sets out the eligibility requirements for Applicants.

To be eligible for funding, at the time of applying, your organisation must hold an Australian Business Number (ABN) and be either:

- an Australian entity incorporated under the Corporations Act 2001 (Cth);
- an Australian State or Territory Government;
- an Australian local government or council;
- an Australian State or Territory owned corporation or a subsidiary of an Australian State or Territory owned corporation;
- an Aboriginal and Torres Strait Islander corporation incorporated under the Corporations (Aboriginal and Torres Strait Islander) Act 2006 (Cth);
- the Torres Strait Regional Authority or Indigenous Land and Sea Corporation established under the Australian and Torres Strait Islander Act 2005 (Cth);
- an Aboriginal Land Council, Aboriginal Land Trust or Torres Strait Islander Land Trust (or equivalent entity) established under Commonwealth, State or Territory legislation;
- an Australian entity incorporated under the Associations Incorporation Act 1991 (ACT), the Associations Incorporation Act 1984 (NSW), the Associations Act 2003 (NT), the Associations Incorporation Act 1981 (Qld), the Associations Incorporation Act 1985 (SA), the Associations Incorporation Act 1964 (TAS), the Associations Incorporation Act 1981 (VIC) or the Associations Incorporation Act 1987 (WA);
- an Australian entity incorporated under the Co-operatives (Adoption of National Law) Act 2012 (NSW), Co-operatives National Law Application Act 2013 (VIC), Co-operatives National Law (South Australia) Act 2013 (SA), Co-operatives (National Uniform Legislation) Act 2015 (NT), Co-operatives National Law (Tasmania) Act 2015 (TAS), Co-operatives Act 2009 (WA), Co-operatives National Law (ACT) Act 2017 (ACT) or the Co-operatives National Law Act 2020 (QLD);
- an Australian university; or
- the Commonwealth Scientific and Industrial Research Organisation (CSIRO).

1.2 How can I apply?

In the first instance potential Applicants should review the Program Guidelines for information on the application and assessment process. The Program is delivered under two funding streams, Stream A: Regional Australia Microgrid Pilots, and Stream B: First Nations Community Microgrids. For guidance on which Stream to apply under please consider the alignment of your project to the Program Outcomes for each Stream (section 1.5-17 of the Guidelines), and contact the Microgrids team at microgrids@arena.gov.au.

Expressions of Interest (EOIs) and Full Applications must be completed online using ARENA's Grants Management System, ARENANet which is accessible from the Program webpage on ARENA's website https://arena.gov.au/funding/RMP/. Prior to submitting your application, Applicants are encouraged to contact the Microgrids team to discuss their application.

1.3 When can I apply? Is there a deadline for submitting an application?

Program dates can be found on the Program webpage, and ARENA will review and assess applications on an ongoing basis up to the Final Submission Date.

1.4   How do I ask questions in relation to the program?

Applicants can submit questions to ARENA relating to the Program by emailing microgrids@arena.gov.au. Please note, ARENA reserves the right to publish any general questions and answers in this FAQ document.

1.5   Can ARENA assist me with my application?

ARENA may work with Applicants to develop an Application. The form of this collaboration is set out in sections 2.29 – 2.31 of the Program Guidelines.

1.6   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 Program Guidelines. All eligible applicants will be assessed against the same merit criteria.

The capability and capacity of the Applicant and Project Partners to deliver the project is assessed under Merit Criterion B. Refer to sections 4.7 - 4.11 of the Program Guidelines for more information on how to demonstrate merit against this criterion.

1.7   Can an organisation or individual submit more than one application or be a member of more than one project team?

Yes, there is no limit to the number of applications that can be submitted by an individual or organisation. However, if you or an organisation intend to be part of more than one application you must be able to justify that you will have, or be able to allocate, sufficient time and resources to all of the projects should they be successful. Each application must meet the requirements set out in the Program Guidelines.

1.8   Am I able to submit an application as part of a consortium?

Yes, Projects are able to be undertaken by multiple entities, however the consortium will need to nominate a Lead Applicant which, if successful, will become the party that enters into the Funding Agreement with ARENA. Details of any partner organisations can be included within the Application form.

1.9   Can project partners be from overseas?

Yes. However, as per the Program 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.

1.10   How do you define a microgrid?

The definition of a microgrid is set out in the Glossary section of the Program Guidelines. For the purpose of the Program the term microgrid is used to include the following technical configurations:
- **Embedded Microgrid**: An electricity supply arrangement that coordinates and optimises the use of connected, locationally proximate distributed energy resources (DER) to provide secure and reliable electricity within the microgrid and is able to provide value to the major grid. This could include energy market participation, provision of system flexibility, systems services and deferral of network investment.
- **Standalone Power Systems (SAPS)**: An electricity supply arrangement that can demonstrate temporary or permanent operation when not physically connected to a major grid. SAPS encompasses supply to single and multiple customers. Where: customers, currently connected to a major grid, can move to a SAPS, or a SAPS is installed rather than a new grid connection.

- **Remote Isolated Microgrid**: An electricity supply arrangement that already operates as an isolated SAPS and will continue to do so. These systems are often in very remote locations and may be managed by State Government owned corporations.

1.11 What is the definition of First Nations Communities under Stream B?

For the purposes of the Program, First Nations Communities are communities of majority Aboriginal and/or Torres Strait Islander people.

1.12 What is the definition of 'regional'?

To be eligible for the Program, the project must be located in an inner regional, outer regional, remote or very remote area as defined by the Australian Statistical Geography Standard (ASGS) Remoteness Area. Further information can be found at: https://www.abs.gov.au/websitedbs/D3310114.nsf/home/remoteness+structure.

1.13 Will I be eligible for the program if my microgrid configuration involves non-renewable energy (e.g. diesel)?

Section 3.3.b of the Program Guidelines provides that an Eligible Project must include the use of a Renewable Energy Technology or enabling technology and/or the Project contributes to increased uptake of Renewable Energy. However, this does not preclude microgrid solutions that may also use non-renewable sources of energy such as diesel.

2 Assessment Process

2.1 How does ARENA decide which Project will receive funding?

ARENA will assess eligible Projects against the five Merit Criteria as set out in the Program Guidelines. ARENA will engage its expert panel to undertake this process. A list of Advisory Panel members is available on the ARENA website. Please see section 4 of the Program Guidelines for further information.

2.2 What are the Program Outcomes? Does my project need to contribute to all of the Program Outcomes to be successful?

Each Stream within the Program has its own Outcomes, which are collectively referred to as Program Outcomes. Applications will be assessed on the extent to which they contributes to the Program Outcomes.

Information on how merit can be demonstrated against the Program Outcomes is set out in section 4.5-4.6 of the Program Guidelines.

2.3 What does "value for money" as set out in the Program Guidelines mean?

ARENA will seek to provide the minimum amount of funding required for the Project to deliver the Project outcomes. ARENA will need to be satisfied that the Project is not commercially viable without ARENA support. To demonstrate the funding requirement, Applications must include a financial model that demonstrates that the Project would be unlikely to proceed without grant support.

2.4 Do Applications require attachments?

Yes. At the EOI stage, Applications for both Streams must include a Project Plan and Financial Model. At the Full Application stage, Applications require the following mandatory attachments:
- Project Plan (both Streams)

- Financial model (both Streams)
- Risk Management Plan (both Streams)
- Community Engagement Plan (both Streams)
- Funding Agreement Compliance Table (both Streams)
- Knowledge Sharing Plan (both Streams)
- Community Benefit Plan (Stream B only)

Applicants may include optional attachments to support their application at either the EOI or Full Application stage, including:
- CVs of Key Personnel
- Evidence of financial capacity
- Letters of Support and other evidence

Please see section 4 of the Program Guidelines for further information.

2.5 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 Program 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.

2.6 Can ARENA provide examples of previous successful Applications?

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

3 Finances

3.1 How much funding can ARENA provide to my Project?

The minimum Grant under the Program is $1 million. ARENA expects that most grants under Stream A will be between $5 million and $10 million, and between $5 million and $25 million under Stream B. Please refer to question 2.4 of this document for information on value for money and grant sizing.

ARENA expects that the grant amount will be no more than 50 per cent of eligible Project costs (Grant percentage), though grant amounts of greater than 50 per cent of eligible Project costs may still be considered.

3.2 Where is the ARENA budget template?

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

3.3 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. Any Project Partners should provide letters of support as evidence of cash or in-kind contributions to demonstrate sources of funding.
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.

3.4 Is there any limit on overseas expenditure?

No more than 10% of ARENA funds awarded to a Project may be spent overseas, with the exception of the purchase or use of equipment and materials. ARENA may consider a specific request for exemption for critical activities. Any such request should be made in writing before the Full Application is lodged. See sections A.9 – A.10 of the Guidelines for more information.

3.5 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.

3.6 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 A.

3.7 How does arena consider the inclusion of other grant funding or concessional funding?

ARENA will consider the total amount of concessional funding that an Applicant has applied or received for the project in assessing projects. This includes both ARENA funding and other grant funding a project may receive from State or Commonwealth Government initiatives.

ARENA will also assess any project arrangements that may not be considered to be on commercial or arms length terms (such as land supply or technology supply) in its consideration of concessional funding. ARENA retains discretion on any classification adopted.

3.8 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 see sections 4.25 – 4.27 of the Program Guidelines for more information.

3.9 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 section 4.23 of the Program Guidelines, the Financial Model attachment includes, at a minimum, for the lifetime of the Project:
- Revenue Projection
- Cost Breakdown
- Assumptions
- Ability to sensitise model to view the project returns with and without funding

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.

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

As set out in the Program Guidelines, projects involve the development and deployment of microgrids. 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 microgrid.