

NATIONAL INDUSTRIAL TRANSFORMATION PROGRAM

PROGRAM GUIDELINES

DECEMBER 2023



Australian Government
Australian Renewable
Energy Agency

ARENA

EXECUTIVE SUMMARY

1. The National Industrial Transformation Program (the **Program**) is delivered by the Australian Renewable Energy Agency (**ARENA**). The Program is focused on supporting projects that accelerate decarbonisation of industry.
2. The Program Objectives are to:
 - a. support Industrial Facilities to reduce emissions in line with Australia's 2030 emissions reduction goals and transition to net zero by 2050;
 - b. improve technology readiness and commercial readiness of Renewable Energy Technologies, Energy Efficiency Technologies and Electrification Technologies that will result in a significant reduction in Scope 1 and/or Scope 2 emissions and / or improve the energy efficiency of an industrial process or processes;
 - c. encourage technology demonstration, collaboration and knowledge sharing across industry and/or regions; and
 - d. support upskilling of industrial workforce in new decarbonisation activities.
3. The Guidelines should be read in conjunction with any National Industrial Transformation Program Funding Announcements published on the Program [webpage](#).
4. The total funding allocated for the Program is up to \$40 million. The total funding allocated for the Program may be reduced or increased at the discretion of ARENA.
5. The Program will fund feasibility stage projects through to demonstration and deployment stage projects. In certain circumstances this may be supported through Stage Gated funding, referred to as a Multi-Stage Funding Mechanism (detailed in Part 5). ARENA reserves the right to remove the Multi-Stage Mechanism from these Guidelines at its discretion.
6. Projects may target a reduction in Scope 1 and/or Scope 2 Greenhouse Gas Emissions through solutions including, but not limited to, investment in electrification, fuel switching or Energy Efficiency, or critical enabling infrastructure. ARENA funds cannot be used to fund basic technology research and research to prove feasibility as detailed in Appendix B.
7. To be considered for funding the Project must have a direct, contractual connection to an eligible Industrial Facility.
8. The total grant for a particular project under the Program will not exceed \$15 million.
9. The application and assessment process for the Program will typically involve two stages, an Expression of Interest (**EOI**) stage and a Full Application stage, unless otherwise specified. Eligibility and merit will be assessed at each stage. Part 2 of these Guidelines provides further details on the application and assessment process.
10. These Guidelines describe the procedures and requirements of ARENA to determine which applications will receive funding. Applicants should take note of these before submitting an application. Any Funding Announcements should be reviewed as a source for clarification on eligibility, merit criteria or targeted activities and outcomes beyond these Guidelines.
11. Only EOIs and Full Applications which meet the Eligibility Criteria outlined in Part 3 will be assessed under the Merit Criteria outlined in Part 4.
12. ARENA may award Grant funding to eligible Applicants on the basis of an individual Merit Criteria assessment, as set out in Part 4 of these Guidelines. The five Merit Criteria will be equally weighted, and are as follows:
 - a. Merit Criterion A: Contribution to the Program Objectives;
 - b. Merit Criterion B: Applicant capability and capacity;
 - c. Merit Criterion C: Project design and methodology;
 - d. Merit Criterion D: Financial viability and co-funding commitment; and
 - e. Merit Criterion E: Knowledge Sharing.
13. All successful Applicants will be required to share data and knowledge from their Projects under Merit Criterion E. ARENA's expected requirements are outlined in items 4.18 and 4.19 of these Guidelines, subject to any clarification under any Funding Announcements at ARENA's discretion. The proposed Knowledge Sharing Plan and knowledge sharing outcomes will be assessed for merit and will form part of the Funding Agreement.

14. All Applicants should also meet other applicable requirements described in these Guidelines, including compliance with relevant legislative requirements (see items 7.17-18).
15. An EOI for ARENA funding under this Program can be submitted at any time while this Program remains open.
16. ARENA will review EOI applications in regular, batched assessments as indicated on the Program [webpage](#), with the discretion to assess EOIs more or less frequently depending on the volume of applications received. Full Applications will typically be assessed on an ongoing monthly basis until all funds available under the Program are exhausted or these Guidelines are revoked.
17. In addition to the Merit Criteria assessment, ARENA may take a portfolio approach in deciding which applications to fund as outlined in items 2.25 and 2.26 and consider the overall risk of ARENA providing funding to the Applicant. Comparative assessment of applications will be considered for applications specific to a closed competitive process under a Targeted Funding Round (see items 2.30-2.36).
18. All applications must be completed online using ARENA's grants management system, ARENANet, which is accessible from the Program [webpage](#).
19. If there is any inconsistency between this Executive Summary and the remainder of the document, the remainder of the document is to prevail.

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PART 1. OVERVIEW

OVERVIEW

- 1.1 In September 2022, ARENA published the *Industrial Energy Transformation Studies Program Guidelines: Stream A Feasibility Studies* and the *Industrial Energy Transformation Studies Program Guidelines: Stream B Engineering Studies (Original Guidelines)* which each had the purpose of providing rules and guidance for those programs. Following the Australian Government's announcement of the Powering the Regions Fund – Industrial Transformation Stream, ARENA has revised the Original Guidelines in order to create these Guidelines for the National Industrial Transformation Program.
 - 1.2 The Original Guidelines continue to apply to any Applicant who submitted an EOI or Full Application for funding under the Industrial Energy Transformation Studies Program on a date up to and including Tuesday, 19 December 2023. No further applications can be made to the Industrial Energy Transformation Studies Program after that date. These Guidelines will then apply to any Applicant who submits an EOI or Full Application for funding under the National Industrial Transformation Program from Wednesday, 20 December 2023 onwards.
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PURPOSE

- 1.3 The purpose of these Guidelines is to provide procedures and requirements for Applicants seeking funding from ARENA through the Program. These Guidelines detail the process that ARENA will use to select projects to achieve the Program Objectives outlined below.
 - 1.4 The Guidelines should be read in conjunction with any Funding Announcements published on the Program [webpage](#).
 - 1.5 In these Guidelines, the ordinary meaning of a word applies considering its context in the Guidelines and the purpose of these Guidelines unless defined in the Glossary at the end of the Guidelines.
 - 1.6 In the event of any inconsistency between other ARENA materials and these Guidelines, the Guidelines will prevail.
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OBJECTIVES OF THE PROGRAM

- 1.7 The Program Objectives are to:
 - a. support Industrial Facilities in Australia to reduce emissions in line with Australia's 2030 emissions reduction goals and transition to net zero by 2050;
 - b. improve technology readiness and commercial readiness of Renewable Energy Technologies, Energy Efficiency Technologies and Electrification Technologies that will result in a significant reduction in Scope 1 and/or Scope 2 emissions or improve the energy efficiency of an industrial process or processes;
 - c. encourage technology demonstration, collaboration and knowledge sharing across industry and/or regions; and
 - d. support upskilling of the industrial workforce in new decarbonisation activities.
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COMMENCEMENT AND AUTHORITY FOR GUIDELINES

- 1.8 The Guidelines have been approved by the ARENA Board and commence on Wednesday, 20 December 2023.
 - 1.9 The Guidelines may be revoked or varied by ARENA from time to time in accordance with the ARENA Act. Without limiting its rights, ARENA may, in its absolute discretion:
 - a. suspend, defer, or terminate this Program;
 - b. amend the Program Objectives to either include or exclude certain requirements;
 - c. issue announcements to call for specific types of Projects that may be required to fill gaps in the emerging Program portfolio;
 - d. issue Funding Announcements to run specific funding initiatives;
 - e. amend the Guidelines to ensure it is fit for purpose as required throughout the duration of the Program;
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- f. choose to withhold a portion of the total funding allocation to invest in the latter stages of the Program; or
 - g. amend assessment timeframes at any time.
- 1.10 The ARENA Board is responsible for approving financial assistance under the Program and may delegate this responsibility in accordance with the ARENA Act. In accordance with the ARENA Act, any funding provided by ARENA to a project that is greater than \$50 million requires Ministerial approval.
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FUNDING MODEL

- 1.11 The ARENA funding available under the Program is up to a total amount of \$40 million. This amount may be increased or decreased at ARENA's discretion.
- 1.12 The total of all grants for a particular project under the Program will not exceed \$15 million.
- 1.13 The Program will fund feasibility stage projects through to demonstration and deployment stage projects. In certain circumstances this may be supported through Stage Gated funding, referred to as a Multi-Stage Funding Mechanism (detailed in Part 5). ARENA reserves the right to remove the Multi-Stage Mechanism from these Guidelines at its discretion.
- 1.14 Funding for the Program will be drawn from these funds until the funds are exhausted or the Program is closed.
- 1.15 ARENA will only provide funding to an Applicant if its Full Application is considered to be of sufficient merit to support an offer of ARENA funding, subject to ARENA's portfolio approach and available funding. See paragraphs 2.25-2.26 for more information.
- 1.16 Funding provided through the Program will generally be in the form of a Grant or other form of financial assistance specified by the Minister in accordance with the ARENA Act. In certain circumstances the Grant may include a recoupment mechanism, which means that some or all of the Grant may be repayable by the Recipient on terms to be agreed by the parties.
- 1.17 In respect of the Grant amount:
- a. Applicants are expected to at least match the Commonwealth grant funding being sought for the Project. See Appendix A Eligible Expenditure for more information;
 - b. ARENA will endeavour to provide the minimum amount of funding to allow the Project to proceed; and
 - c. ARENA reserves the right to remove the Multi-Stage Mechanism (detailed in Part 5) from these Guidelines at its discretion.

PART 2. APPLICATION AND ASSESSMENT PROCESS

OVERVIEW

- 2.1 Part 2 outlines the expectations and guidance for the application and assessment process. Part 2 should be read in full before submitting an application.
 - 2.2 ARENA will typically engage and collaborate with Applicants regarding potential Projects, except under a Targeted Funding Round where ARENA will specify the extent to which engagement and collaboration is permitted (as outlined in item 2.35).
 - 2.3 The application and assessment process for the Program will typically involve two stages, an Expression of Interest (EOI) stage and a Full Application stage, unless otherwise specified. Eligibility and merit will be assessed at each stage.
 - 2.4 The submission timeframes will be communicated to Applicants through the Program [webpage](#).
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SUBMITTING AN APPLICATION

- 2.5 All applications must be submitted online using ARENA's grants management system, ARENANet, or as otherwise directed by ARENA. ARENANet is accessible from the Program [webpage](#). ARENA reserves the right to change the online application form if required.
 - 2.6 The online application system prescribed by ARENA may include a mix of mandatory and optional fields and attachments which must be provided by the Applicant as specified. Templates for required attachments (where applicable) are available on the Program [webpage](#).
 - 2.7 Word and page limits may also apply to requested responses and attachments that accompany an application. ARENA may, acting in its sole discretion, elect not to read words beyond the specified word limit or any attached document beyond the last page of the specified page limit.
 - 2.8 If the application does not include the information required (and in the format prescribed by ARENA), ARENA may, acting in its sole discretion, decline to assess the application or seek supplementary information or clarification from the Applicant.
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EXPRESSION OF INTEREST

- 2.9 Before submitting an EOI, Applicants should review these Guidelines and, if relevant, any Funding Announcements in full. If an Applicant's Project appears to be well aligned with the Program, Applicants are strongly encouraged to contact ARENA to first discuss the Project before submitting an EOI (review the Program [webpage](#) to contact ARENA). ARENA will specify the extent to which engagement is permitted under a Targeted Funding Round (as outlined in item 2.35).
 - 2.10 An Applicant may submit an EOI at any time while this Program remains open.
 - 2.11 Applications are submitted on ARENA's online application system, ARENANet, accessible on the Program's [webpage](#).
 - 2.12 EOIs should include the following information:
 - a. a well-articulated plan for the delivery of the proposed Project. This should be contained in a preliminary Project plan that outlines the objectives, scope, technical design and delivery methodology, budget and knowledge sharing for the Project with sufficient information to demonstrate merit against the criteria set out in Part 4 of these Guidelines. Refer to the Project Plan Guidance on the Program [webpage](#) for further information on the expected requirements for a Project plan at EOI stage;
 - b. an indicative 'Project emissions' estimate (in Excel format) which includes data on actual and forecast emissions over time (the counterfactual scenario) and the estimated emissions reduction potential of the Project (on implementation), with clearly labelled input assumptions. Where relevant, this should include a scenario which sizes (at a high level) the potential emissions reduction opportunity if replicated at scale in the Industrial Facility, at other similar sites or across industry more broadly;
 - c. an indicative financial model (in Excel format) which includes a breakdown of the major cost items informing the Project budget (with clearly labelled input assumptions and associated level of accuracy) and expected sources of funding (and revenue if relevant);
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- d. evidence of the nature of commitment from the Industrial Facility (if they are not the lead Applicant). Evidence may include term sheets, letters of support (from an appropriately authorised representative) or draft agreements; and
 - e. a knowledge sharing plan which articulates the key knowledge gaps the project will seek to address.
- 2.13 ARENA may seek supplementary information or clarification from an Applicant or decline to assess the EOI in the instance specified information is not provided to ARENA's satisfaction.
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FULL APPLICATION

- 2.14 Applicants may be invited by ARENA to submit a Full Application, generally following submission and assessment of an EOI as described below. The timing and deadlines of the Full Application will be provided by ARENA on invitation to submit a Full Application.
- 2.15 Full Applications should include the following information:
- a. an updated, well-articulated plan for the delivery of the proposed Project. This should be an updated Project plan that provides additional detail on the objectives, scope, technical design and delivery methodology, budget and knowledge sharing for the Project with detailed information to clearly demonstrate merit against the criteria set out in Part 4 of these Guidelines. Refer to the Project Plan Guidance on the Program [webpage](#) for further information on the expected requirements for a Project plan at Full Application stage;
 - b. updated 'Project emissions' analysis (in Excel format) with actual emissions and refined emissions forecasts over time (the counterfactual scenario) and revised estimates of the emissions reduction potential of the Project on implementation (including a breakdown of emissions reduction levers), with clearly labelled input assumptions. The analysis should also include an updated scenario sizing the potential emissions reduction opportunity if replicated at scale in the Industrial Facility, at other similar sites or across industry more broadly;
 - c. a dynamic financial model (in Excel format) which includes the expected costs over the life of the Project (with clear breakdown of cost categories and input assumptions), sources of Project funding (and revenue if relevant) over the life of the Project and associated economic returns of the Project. This should include analysis of scenarios with and without ARENA funding;
 - d. a Risk Management Plan that includes key technical, regulatory, commercial, personnel, schedule, and delivery risks of the Project and how these will be managed, including work health and safety (**WHS**) requirements where relevant (according to the ARENA template provided in the Funding Agreement), as well as a Hazard and Operability Analysis (**HAZOP**) plan where relevant;
 - e. a detailed Knowledge Sharing Plan which articulates the key knowledge gaps the project will seek to address along with proposed knowledge sharing deliverables to be provided throughout the life of the project (according to the ARENA template provided in the Funding Agreement);
 - f. a table stating any general conditions of the draft Funding Agreement that the Applicant does not accept, accepts in part, or does not consider to be applicable;
 - g. evidence of support by participating organisation(s), including their time or resource commitment to the Project and commitment to provide the specified cash and In-Kind Contributions for the duration of the Project. Evidence may include term sheets, letters of support (from an appropriately authorised representative) or draft agreements; and
 - h. other forms of government support (where possible the specific contribution should be referenced).
- 2.16 ARENA may seek supplementary information or clarification from Applicants or decline to assess the Full Application and exclude it from further consideration if the specified information is not provided to ARENA's satisfaction.
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ASSESSMENT PROCESS

- 2.17 EOIs or Full Applications that ARENA considers:
- a. fail to meet one or more of the eligibility criteria; or
 - b. to be of obvious low merit against one or more merit criteria, or
 - c. include technologies that ARENA cannot lawfully fund in accordance with the ARENA Act (e.g. including Carbon Capture, Utilisation and Storage), will be considered unsuccessful and will not be considered further by ARENA.
- 2.18 ARENA recommends Applicants contact ARENA prior to submitting an application if unsure whether the

Project may fall into one of the categories in item 2.17.

- 2.19 ARENA may, at any time during the application process:
- a. seek further information from the Applicant in relation to any matter arising from the assessment of the EOI or Full Application;
 - b. undertake due diligence activities and may also modify the due diligence activities it proposes to undertake. Due diligence activities may include, but are not limited to:
 - i. commissioning or completing relevant research, analysis and modelling to support assessment of Full Applications including engagement of consultants or advisors for this purpose; and
 - ii. contacting any relevant Commonwealth, State, Territory, local or municipal and international government agencies, Project Partners or other relevant parties about an application.
- 2.20 Once an EOI or Full Application has been assessed to have satisfied the eligibility criteria, ARENA will assess it against the Program's Merit Criteria set out in Part 4. ARENA may seek advice on the merit of an EOI or Full Application from the ARENA Advisory Panel. Information on the members of the ARENA Advisory Panel is available from the ARENA website at arena.gov.au/about/advisory-panel/.
- 2.21 An eligible EOI or Full Application that has been assessed to have satisfied all the Merit Criteria to a high standard (or can reach a high standard by meeting any conditions imposed by ARENA) may be invited by ARENA to proceed to the next stage.
- 2.22 A decision to offer funding for amounts up to \$50 million for Projects will be made by the ARENA Board or the ARENA CEO where the ARENA Board has delegated this power to the CEO. Where ARENA proposes to make a grant of over \$50 million, approval must also be obtained from the Minister.
- 2.23 Funding assessment decisions are final. Applicants can request feedback from ARENA on the merit of an EOI or Full Application at the conclusion of the assessment process.
- 2.24 ARENA will advise the Applicant in writing of the outcome of the assessment of their application, including the amount and nature of any funding support to be offered by ARENA and any conditions attached to the funding offer. A funding offer under the Program may be for less or more than the amount of funding requested by the Applicant. A funding offer may exclude parts of a Project submitted by an Applicant, or include additional parts as requested by ARENA.

PORTFOLIO APPROACH

- 2.25 ARENA will, unless otherwise specified in a Funding Announcement, take a portfolio approach to selecting Projects for funding giving consideration to how a Project will contribute to the Program Objectives either uniquely or as part of a suite of complementary ARENA activities.
- 2.26 ARENA may choose not to fund an otherwise meritorious Project if the aims or outcomes of that Project are the same, or similar to, the aims and outcomes of a Project that has previously been funded (either by ARENA or alternative funders) or that ARENA is intending to fund.

COLLABORATION

- 2.27 ARENA may seek to work with Applicants or potential Applicants and their Project Partners who are in the process of preparing an EOI or Full Application.
- 2.28 ARENA may, in its discretion, elect to facilitate collaboration between any Applicants with similar or complementary applications or between Applicants and other organisations or funding bodies, to develop consortia to finance and carry out Projects. Any such facilitation of collaboration, including the release of confidential information to another Applicant or person, will be subject to the Applicant's prior consent.
- 2.29 Any such facilitation does not constitute any commitment by ARENA that it will offer funding for the collaborative or any other Project. When facilitating collaboration, ARENA is not responsible or liable for any comments, consultation or assistance provided by ARENA.

TARGETED FUNDING ROUNDS

- 2.30 This section relates to Targeted Funding Rounds that may be run as a closed, competitive process under this Program from time to time.
- 2.31 ARENA may choose to use a Targeted Funding Round within the Program for certain activities as outlined in a Funding Announcement on the Program [webpage](#).
- 2.32 The start date will be communicated in the Funding Announcement on the Program [webpage](#). The Funding Announcement will include information on:
- a. the level of funding available for eligible Projects;
 - b. the application and assessment process, including deadlines for application submission dates and the stages of application (i.e. EOI, Full Application); and
 - c. clarifications of eligibility and Merit Criteria as they apply to the Projects, including clarification of any criterion that will not apply.
- 2.33 The Targeted Funding Round will rank eligible applications based on an assessment against the Merit Criteria, and, subject to ARENA's portfolio approach described in items 2.25 and 2.26. Projects with the highest rankings will be offered funding subject to the level of available funding indicated under the Targeted Funding Round.
- 2.34 Resubmissions of EOIs are not accepted under a Targeted Funding Round.
- 2.35 ARENA will specify in the Funding Announcement the extent to which it will collaborate with Applicants under a Targeted Funding Round, if at all.
- 2.36 Further requirements of a Targeted Funding Round will be included in the Funding Announcement at the relevant time on the Program [webpage](#).

PART 3. ELIGIBILITY CRITERIA

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- 3.1 All the following Eligibility Criteria must be met to submit an EOI or Full Application and must continue to be met throughout the Project.
 - 3.2 Determinations of eligibility are final and at ARENA's discretion.
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ELIGIBILITY CRITERION A – ELIGIBLE APPLICANT

- 3.3 At the time of applying and throughout the life of the Project, the Applicant must hold an Australian Business Number (ABN) and be:
 - a. an Australian entity incorporated under the *Corporations Act 2001* (Cth);
 - b. an Australian State or Territory owned corporation, or a subsidiary of an Australian state or territory owned corporation; or
 - c. an Australian local government or council or an Australian organisation that is purposed with representing and supporting local governments or councils.
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ELIGIBILITY CRITERION B – ELIGIBLE PROJECT

- 3.4 The Applicant must be able to demonstrate to the satisfaction of ARENA that the Project described in the application:
 - a. addresses the Scope 1 and/or Scope 2 emissions of an existing or planned Industrial Activity;
 - b. has the potential to contribute to the Program Objectives;
 - c. does not include research (Technology Readiness Level (TRL) 1-3 – see Appendix B). For the purpose of clarification, Projects can include research components to the extent these are part of a larger activity focused on the development, demonstration, deployment, or commercialisation of a Renewable Energy Technology, Energy Efficiency Technology or Electrification Technology; and
 - d. meets any other requirements as specified in any Funding Announcement.
 - 3.5 The Applicant must also be able to demonstrate to the satisfaction of ARENA that the Project described in the application is a technology that ARENA can lawfully fund in accordance with the ARENA Act, being some form of:
 - a. Renewable Energy Technology, which includes hybrid technologies and technologies (including enabling technologies) that are related to renewable energy technologies;
 - b. Electrification Technology, which means technologies that use electricity and replace technologies that use fossil fuels or technologies that facilitate the replacement of technologies that use fossil fuels with technologies that use electricity; and/or
 - c. Energy Efficiency Technology, which includes energy conservation technologies, demand management technologies and technologies (including enabling technologies) that are related to energy efficiency technologies.
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ELIGIBILITY CRITERION C – LOCATION

- 3.6 The Applicant must demonstrate to the satisfaction of ARENA that the Project:
 - a. will primarily take place in Australia; and
 - b. is to the direct benefit of an Industrial Facility.

Projects at any new or expanded¹ coal and gas facilities are ineligible.
- 3.7 Any ARENA-funded expenditure incurred by the Applicant outside of Australia, other than for equipment or materials (including items such as software), must be limited to no more than 10 percent of total ARENA funds, except in exceptional circumstances that must be justified in the Application and agreed to in writing by ARENA.

¹ A 'new' facility means not already in operation before 1 June 2023, an 'expanded' facility means not expanded post 1 June 2023.

ELIGIBILITY CRITERION D – INTELLECTUAL PROPERTY

- 3.8 The Applicant must warrant it has ownership of, access to, or the beneficial use of, any intellectual property rights, including moral rights necessary to carry out the Project.
- 3.9 ARENA's intellectual property requirements will be set out in the Funding Agreement.

ELIGIBILITY CRITERION E – WORKPLACE GENDER EQUALITY

- 3.10 The Commonwealth has a policy of not entering into agreements with, or providing discretionary Grants or loan funds to, organisations that do not comply with their obligations, if any, under the *Workplace Gender Equality Act 2012* (Cth) (**Gender Equality Act**).
- 3.11 The Applicant must not be named as an organisation that has not complied with the Gender Equality Act. Any Applicant so named will be excluded from further consideration.
- 3.12 Applicants must make a declaration in the application form to demonstrate that they understand and meet their obligations, if any, under the Gender Equality Act. ARENA will check Applicants' names against the list of non-compliant organisations on the website of the Workplace Gender Equality Agency at www.wgea.gov.au.

ELIGIBILITY CRITERION F – MODERN SLAVERY

- 3.13 The Australian Government is taking a global leadership role in combating modern slavery through its landmark *Modern Slavery Act 2018* (Cth) (**Modern Slavery Act**).
- 3.14 The Applicant must agree that it will:
 - a. take reasonable steps to identify, assess and address risks of modern slavery practices in the operations and supply chains used in delivering the Project;
 - b. if applicable, comply with its obligations under the Modern Slavery Act; and
 - c. assist ARENA to comply with its obligations under the Modern Slavery Act.
- 3.15 The Applicant must make a declaration in the application form that it will meet these requirements in relation to the Modern Slavery Act.

ELIGIBILITY CRITERION G – OTHER REQUIREMENTS

- 3.16 ARENA requires that the Applicant warrants that:
 - a. the Applicant, its Related Bodies Corporate (as defined under the *Corporations Act 2001* (Cth)) and their Personnel, have not contravened any Australian Sanctions Laws; and
 - b. it will comply and ensure that any Related Bodies Corporate, comply with Australian Sanctions Laws in delivering the Project and undertake reasonable endeavours to ensure compliance by any Recipient subcontractors engaged on the Project;
- 3.17 **Australian Sanction Laws** means the *Charter of the United Nations Act 1945* (Cth) and the *Autonomous Sanctions Act 2011* (Cth) including the *Autonomous Sanctions Regulations 2011* (Cth).
- 3.18 The Applicant must disclose whether there are any legal proceedings or investigations (including litigation, arbitration, mediation or conciliation) that to the best of its knowledge, after having made proper enquiry, are taking place, pending or threatened against it or a Related Body Corporate.
- 3.19 An Applicant, or a Related Body Corporate, must not be an organisation included on the National Redress Scheme's list of institutions that have not joined or signified their intent to join the National Redress Scheme. The list and more information is available at www.nationalredress.gov.au/institutions/institutions-have-not-yet-joined.

PART 4. MERIT CRITERIA

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- 4.1 Once an application has been assessed to have satisfied the Eligibility Criteria, it will be assessed for overall value for money against the Merit Criteria. In assessing value for money, ARENA will need to be satisfied that the Project is not commercially viable without ARENA support. ARENA will seek to provide the minimum financial assistance that is needed, and in the most appropriate form, for the Project to deliver the desired outcome. All Merit Criteria are equally weighted.
 - 4.2 This section provides non-exhaustive guidance on how an Applicant can demonstrate merit against each criterion. The below information should be reviewed in conjunction with any Funding Announcements and Project Plan Guidance published on the Program [webpage](#).
 - 4.3 The amount of detail and supporting evidence that an Applicant should provide in an application should correspond with the Project size, complexity and Grant amount requested.
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MERIT CRITERION A – CONTRIBUTION TO PROGRAM OBJECTIVES

OVERVIEW

- 4.4 This criterion assesses how well the Project contributes to the Program Objectives identified in Item 1.7 and alignment with any relevant Funding Announcement or Targeted Funding Rounds.
- 4.5 The following target sectors² are considered to be well aligned with the Program Objectives in terms of industrial emissions abatement opportunity:
 - a. agriculture, forestry and fishing;
 - b. electricity, gas, water and waste;
 - c. manufacturing;
 - d. mining; and
 - e. transport (**Target Sectors**).

DEMONSTRATING MERIT AGAINST THIS CRITERION

- 4.6 An Applicant can demonstrate merit by describing:
 - a. The Target Sectors to which the Project is aligned.
 - b. How the Project contributes to one or more of the Program Objectives:
 - i. *Reduce industrial emissions:*
 - › Define the potential of the Project (and expected timing when implemented) to reduce Scope 1 and/or Scope 2 Greenhouse Gas Emissions for the Industrial Facility;
 - › If relevant, define the potential of the Project (and expected timing when implemented) to reduce energy use and/or increase renewable energy use for the Industrial Facility; and
 - › Define the potential emissions reduction opportunity if replicated or scaled in the Industrial Facility, and at similar sites and / or across industry more broadly.
 - ii. *Describe how your decarbonisation plans aligns with, or accelerates Australia's 2030 and 2050 decarbonisation targets:*
 - › Detail the commitment of the Industrial Facility (or corporate entity), describing the relevant targets, initiatives, anticipated investment and status;
 - › Describe how the Project is consistent with and supports or accelerates the Industrial Facility in achieving the decarbonisation commitment; and
 - › Describe how the Project (and potential scale up opportunity) can contribute to Australia's 2030 decarbonisation targets and is relevant to a net zero economy, including any impact on Scope 3 emissions.

² Target Sectors are based on Australian and New Zealand Standard Industrial Classification (ANZSIC) codes as published by the Australian Bureau of Statistics. Other Sectors may be considered on the basis of a compelling emissions reduction opportunity.

- iii. *Improve technology readiness and commercial readiness:*
 - › Explain the nature of technology or commercial innovation of the Project;
 - › Justify the expected advancement in technology readiness and/or commercial readiness as a result of the Project; and
 - › Describe the Projects' commercialisation pathway.
 - iv. *Upskill industrial workforce:* Describe the potential of the Project to contribute to skills and capabilities development relevant to a net zero economy.
- c. In the case of a Targeted Funding Round, how well the Project aligns with any further requirements that are specified in the relevant Funding Announcement.

MERIT CRITERION B – APPLICANT CAPABILITY AND CAPACITY

OVERVIEW

- 4.7 This criterion focuses on the extent to which the application demonstrates that the Applicant, Project Partners and any relevant third-party organisations have the capability and capacity to deliver the Project.
- 4.8 The role of the Industrial Facility (in the instance where they are not the lead Applicant) and their level of commitment to the Project must be clearly addressed.

DEMONSTRATING MERIT AGAINST THIS CRITERION

- 4.9 An Applicant can demonstrate merit in the application by describing:
- a. Capability, as it is relevant to the Project, including:
 - i. the Applicant's management, technical, regulatory, commercial, and professional expertise and experience and that of the key personnel, Project Partners and third party organisations where relevant; and
 - ii. the Applicant's track record and that of key personnel and Project Partners and third party organisations where relevant, in delivering outcomes from similar projects or on time and on budget.
 - b. Capacity, as it is relevant to the Project, including:
 - i. the resources (including personnel, physical resources, facilities, equipment, and infrastructure) that the Applicant will use to deliver the Project including confirmation that they will be available during the Project to successfully achieve the proposed outcomes; and
 - ii. the nature and status of any agreements between Project Partner(s) and/or third party organisations to deliver the Project. In the case where the Industrial Facility is not the lead Applicant, it is expected that it is included as a Project Partner and has a direct, contractual commitment to the Project.
- 4.10 Assessment of this Merit Criterion also includes consideration of the cultural competency of personnel and/or the organisation to engage with First Nations communities and plans or processes in place to ensure cultural competency.

MERIT CRITERION C – PROJECT DESIGN AND METHODOLOGY

OVERVIEW

- 4.11 This criterion is to assess:
- a. how well designed and planned the Project is, including whether it has clearly defined objectives and methodology, as well as the Applicant's approach to identifying, managing and reporting the personnel, delivery, technical and financial risks of the Project;
 - b. the relative status of key Project workstreams (such as supplier agreements and any necessary permits or approvals) and readiness of the Project to be delivered;
 - c. the extent to which First Nations communities have been engaged or involved with the negotiations, decision making and benefit sharing of the Project (where relevant);
 - d. Project risk in terms of the likely success of the Project, the achievement of intended outcomes that align with the Program Objectives and any relevant Funding Announcements;
 - e. the risk of negotiating and executing a Funding Arrangement which is acceptable to ARENA; and

- f. compliance with any other requirements outlined in Part 6.
- 4.12 Where the application proposes a Multi-Stage Funding Mechanism, the extent that the Project is described for Stage 1 Project design and methodology, may differ to Stage 2 as contemplated in item 5.6.

DEMONSTRATING MERIT AGAINST THIS CRITERION

- 4.13 An Applicant can demonstrate merit in the application by describing:
- a. a well-articulated and credible workplan detailing technical design and delivery methodology for the Project including well defined workstreams with detailed key activities, deliverables, and timelines;
 - b. any interdependencies with infrastructure required to implement and/or scale the Project (if relevant);
 - c. the Project governance arrangements, including details of how the Project will be completed within the proposed time frame and how contingencies will be managed;
 - d. key personnel, delivery, technical and financial risks of the Project and how these will be managed;
 - e. the level of contingency accommodated in Project design and approach to managing variations to the timeline or planned delivery approach;
 - f. the extent to which the Project has engaged with the community, taking into consideration cultural heritage and First Nations communities' engagement and inclusion in decision making for the Project (where relevant);
 - g. for a Full Application, assessment of ARENA's template Funding Agreement (available on the Program [webpage](#) and identification of any proposed departures). Applicants should be aware that low compliance with the Funding Agreement template may impact on ARENA's assessment of Project risk. Compliance with the Funding Agreement will generally increase the merit of a Project; and
 - h. how the Applicant and Project meet the requirements outlined in Part 6.

MERIT CRITERION D – FINANCIAL VIABILITY AND CO-FUNDING COMMITMENT

OVERVIEW

- 4.14 This criterion assesses the Project's value for money, 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 and the financial capacity of the Applicant and Project Partners to deliver the Project.
- 4.15 Assessment of this Merit Criterion includes consideration of the following:
- a. whether the Applicant and any Project Partners have the financial capacity and appropriate levels of co-funding commitment to deliver the Project successfully;
 - b. the extent to which the Applicant or other Project Partners are providing funding or In-Kind Contributions for the Project;
 - c. justification of ARENA funding amount requested; and
 - d. whether the Project could likely proceed in the absence of ARENA funding.
- 4.16 Applicants should refer to the Eligible Expenditure guidelines at Appendix A for information on what the ARENA funding may and may not be used for.

DEMONSTRATING MERIT AGAINST THIS CRITERION

- 4.17 An Applicant can demonstrate merit in the application by describing:
- a. a detailed budget and/or financial model for the Project with well-defined assumptions, including:
 - i. a breakdown of the expected expenses for the Project including any overseas expenses;
 - ii. the total cost of the Project including the level of cost estimation uncertainty;
 - iii. the level of contingency in the budget and approach to managing cost overruns;
 - iv. the cost of alternative investment opportunities to illustrate the funding gap, including consideration of any potential carbon costs and / or credits (against the relevant whole-of-life Project cost);
 - v. the funding sought from ARENA and justification of the ARENA funding amount requested and the proposed payment milestones;
 - vi. other sources of funding, including grant or concessional funding;

- vii. details and amounts of cash and In-Kind Contributions from the Applicant and all other sources (typically a minimum of a 1:1 contribution is expected, including the value of the In-Kind Contributions);
 - viii. the cash flow profile of the Project; and
 - ix. any relevant benchmarks for the economics of the Project;
- b. description of funding committed to decarbonisation plans or projects (to date and forecast);
 - c. evidence of support by the Applicant and any Project Partners, including commitment to provide the specified cash and In-Kind Contributions;
 - d. information to confirm that the Applicant (and any Project Partners) has the financial capacity to fund the proposed share of the funding or In-Kind Contributions for the duration of the Project.
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MERIT CRITERION E – KNOWLEDGE SHARING

OVERVIEW

4.18 This Merit Criterion assesses:

- a. the value of the knowledge generated by the Project in contributing to the Program Objectives;
- b. how well that knowledge is targeted to specific audiences; and
- c. how the Applicant will capture, store, and disseminate the data, information and lessons learned from the Project.

DEMONSTRATING MERIT AGAINST THIS CRITERION

4.19 An Applicant can demonstrate merit in the application by describing:

- a. how the knowledge generated by the Project would contribute to the Program Objectives;
- b. how well tailored the knowledge sharing plan is to the purpose of the Project;
- c. how the data, information and lessons learned from the Project will be collected, stored, analysed and disseminated so that it reaches the target audiences;
- d. a commitment from the Applicant and other Project Partners to deploy resources to produce high quality knowledge products and communicate the results beyond the Project consortium;
- e. the extent to which the data, information and lessons learned from the Project will be made publicly available, including clear identification of what data, information and lessons learned:
 - i. can be released into the public arena;
 - ii. the Applicant will provide to ARENA but is to be treated as commercial in confidence by ARENA; and
 - iii. the Applicant wishes to keep confidential; and
- f. any constraints that may prevent the Applicant from sharing knowledge and information, such as IP protection processes and rights of any third parties including third party materials and IP.

PART 5. MULTI-STAGE FUNDING MECHANISM

OVERVIEW

- 5.1 Applicants may propose, as part of their application, the use of a Multi-Stage Funding Mechanism. This enables an Applicant to seek conditional approval for funding of a two stage Project where an Applicant might otherwise be required to make separate applications.
 - 5.2 Where an Applicant proposes a Multi-Stage Funding Mechanism for a Project, the Applicant may seek conditional approval for funding for two stages of work as follows:
 - a. Stage 1: for feasibility or Front End Engineering Design (**FEED**) work; and
 - b. Stage 2: conditional funding for an implementation stage that may be a subsequent pilot, demonstration, or deployment commencing within a specified timeline and subject to a Stage Gate Review as detailed below.
 - 5.3 Where an Applicant is considering proposing a Multi-Stage Funding Mechanism, Applicants are strongly encouraged to contact ARENA to first discuss this approach before submitting an application.
 - 5.4 The use of the Multi-Stage Funding Mechanism in a Project is at the sole discretion of ARENA. ARENA may progress an EOI or Full Application to the next stage with or without the inclusion of a Multi-Stage Funding Mechanism despite its inclusion in an application.
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REQUIREMENTS

- 5.5 Where a Multi-Stage Funding Mechanism is proposed, the Project plan should address all relevant stages of the Project. Stage 1 is expected to be addressed in detail (as recommended in the supporting Project Plan Guidance on the Program [webpage](#)). Stage 2 should be addressed in sufficient detail such that ARENA can adequately assess the conditional funding proposal.
 - 5.6 In the Project plan, Stage 2 should be defined to the extent possible with the following information (at a minimum), appropriate caveats on the level of accuracy and path to develop further can be included:
 - a. a description of Stage 2, including contribution to the Program Objectives;
 - b. a description of the Project Partners and personnel and relevant capability and capacity, required to deliver Stage 2 to the extent known, or the pathway to secure required Project Partners and associated resources;
 - c. the indicative Stage 2 scope of work, outcomes, key deliverables and duration against an indicative timeline, highlighting any key milestones and proposed timing of a Stage Gate Review;
 - d. a high-level, 'red flags' risk review; and
 - e. an indicative budget estimate and estimate of the requested ARENA funding to be sought in Stage 2. Note, while the budget for Stage 2 is expected to be refined, material changes from indicative estimates will be expected to be borne by the Applicant and will be considered for additional funding at ARENA's discretion.
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STAGE GATE REVIEW

- 5.7 Funding approval for Stage 2 is subject to a Stage Gate Review at an agreed time following the award of Stage 1 funding. The Stage Gate Review involves satisfying ARENA of a number of further conditions before the Stage 2 funding is provided. The conditions, process and timeframes for satisfying those conditions will be set out in a Funding Agreement.
- 5.8 While the conditions, process and timeframes will be agreed with the Applicant considering the specific circumstances of each Project, ARENA will typically require the following conditions to be met to ARENA's satisfaction as part of any Stage Gate Review:
 - a. completion of Stage 1 deliverables (as defined in Stage 1 Milestones in the Funding Agreement);
 - b. a detailed Stage 2 Project plan that provides specification of the objectives, scope, technical design and delivery methodology, budget and knowledge sharing for the Project with sufficient information to clearly demonstrate merit against the criteria set out in Part 4 of these Guidelines. This should include:

- i. updated estimates of the Scope 1 and/or Scope 2 Greenhouse Gas Emissions reduction potential expected timing;
 - ii. the expected advancement in technology readiness and/or commercial readiness and refined commercialisation plan;
 - iii. a list of key Project Partners and their relevant capacity, capabilities, and track record;
 - iv. detailed resource requirements to deliver the Project and means of accessing said resources;
 - v. a detailed workplan with objectively verifiable milestones and deliverables;
 - vi. key contractual agreements for the Project;
 - vii. a detailed budget for the Project, including all sources of funds, the percentage of ARENA Grant funding sought for the Project and evidence for key capital cost items supported by a financial model;
 - viii. justification for the quantum of ARENA funding for the Project; and
 - ix. details on how the Applicant will manage contingency and cost overruns, including any limits;
- c. supporting attachments specific to Stage 2 should include:
- i. an updated dynamic financial model (in Excel format);
 - ii. an updated risk management plan, including work health and safety (WHS) requirements and a Hazard and Operability Analysis (HAZOP) plan where relevant;
 - iii. an updated Knowledge Sharing Plan;
 - iv. an updated table stating any general conditions of the template Funding Agreement that the Applicant does not accept, accepts in part, or does not consider to be applicable;
 - v. evidence of support by participating organisations (which may include term sheets, letters of support (from an appropriately authorised representative) or draft agreements);
 - vi. other forms of government support should be included and where possible the specific contribution should be referenced; and
 - vii. any other item included in the Stage Gate Review of a relevant ARENA Funding Agreement.
- 5.9 To support the Stage Gate Review, ARENA may undertake due diligence activities considering the size, value and complexity of the Project. This may include commissioning or completing relevant research, analysis and modelling to support Stage Gate Review or requesting Recipients to present to the ARENA Advisory Panel, Personnel and/or ARENA Board.
- 5.10 ARENA reserves the right to vary the amount of funding previously offered for Stage 2 of the Project, subject to the outcome of the Stage Gate Review.

PART 6. FUNDING AGREEMENTS

FUNDING OFFERS

- 6.1 All funding offers and any payment of funds under the Program are conditional upon the execution of a Funding Agreement with ARENA.
- 6.2 ARENA reserves the right to withdraw or reduce an offer of funding during the negotiation process.
- 6.3 The funding offer will include details on the Funding Agreement negotiation process. ARENA may stipulate conditions to the funding offer.
- 6.4 Applicants must ensure that funding offers are kept confidential until the execution of the Funding Agreement by both the Applicant and ARENA.
- 6.5 Any public statements relating to the application or the proposed Project by the Applicant between the application lodgement date and execution of the Funding Agreement require ARENA's prior written consent.
- 6.6 ARENA may withdraw its offer of funding should an Applicant not comply with item 6.4 and 6.5 of these Guidelines.
- 6.7 During Funding Agreement negotiations, ARENA may mutually agree with the Applicant to make minor changes to the Project in order to improve the overall outcomes of the Project.

FUNDING AGREEMENT

- 6.8 The Funding Agreement will provide the legal framework for the obligations of each party and payment in relation to the Project. Applicants should review and understand the template Funding Agreement prior to submitting a Full Application, which is available on the Program [webpage](#).
- 6.9 Despite the inclusion of the Multi-Stage Funding Mechanism in the template Funding Agreement, ARENA will only agree to the use of a Multi-Stage Funding Mechanism where it has been included in the EOI or Full Application and agreed by ARENA.
- 6.10 ARENA reserves the right to not consider changes to the Funding Agreement that were not raised in the Applicant's assessment of ARENA's template Funding Agreement included in the Full Application.
- 6.11 Details of the process for management and variation of the Funding Agreement will be set out in the Funding Agreement.

USE OF FUNDING

- 6.12 Applicants are required to prepare a budget for the Project, which is to be submitted with the application.
- 6.13 An agreed budget will form part of the Funding Agreement for the Project.
- 6.14 Funding from ARENA must be used only for approved expenditure on the Project, as set out at Appendix A (Eligible Expenditure) of these Guidelines.

KNOWLEDGE SHARING AND PUBLICATION OF PROJECT INFORMATION

- 6.15 A condition of funding through the Program is agreement to a Knowledge Sharing Plan to inform industry and the broader community about the Project's development and findings. The template Knowledge Sharing Plan is included on the Program website in the ARENA Funding Agreement Template.
- 6.16 An agreed Knowledge Sharing Plan will form part of the Funding Agreement for the Project.

PART 7. FURTHER PROGRAM INFORMATION

CONFIDENTIALITY AND DISCLOSURE OF INFORMATION

- 7.1 Subject to item 7.2, 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 information by ARENA and will only be disclosed with the consent of the Applicant.
- 7.2 Despite item 7.1 above, commercial-in-confidence information provided by Applicants may be disclosed by ARENA to the following parties:
- a. ARENA Personnel or its advisers;
 - b. the Minister and the Minister's office;
 - c. the Department of Climate Change, Energy, the Environment and Water (DCCEEW);
 - d. the Parliament of the Commonwealth of Australia in response to a request by a House or a Committee of the Parliament of the Commonwealth of Australia;
 - e. the Auditor General, Ombudsman, Information Commissioner or Privacy Commissioner;
 - f. the Australian Energy Market Operator (AEMO), Australian Energy Regulator (AER) and Australian Energy Market Commission (AEMC);
 - g. any Commonwealth agency or body, or any other organisation or individual considered by ARENA to have a need or an entitlement to know that information (including any state or territory agency or body), where that need or entitlement arises out of or in connection with ARENA's assessment, verification or due diligence of any aspect of an application; or
 - h. where authorised or required by law to be disclosed.
- 7.3 All documents in the possession of ARENA, including those provided by the Applicant, are subject to the *Freedom of Information Act 1982* (Cth) (**FOI Act**). The purpose of the FOI Act is to give members of the public rights of access to information held by the Australian Government and its entities. Under the FOI Act, members of the public can seek access to documents held by the Australian Government. This right of access is limited only by the exceptions and exemptions necessary to protect essential public interests and private and business affairs of persons in respect of whom the information relates. If someone requests a document under the FOI Act and it contains any information of an Applicant or other entity, ARENA will consult Applicants or those other entities as required by the FOI Act before making a decision about its release.
- 7.4 Any personal information received as part of an application must be treated according to the Australian Privacy Principles and the *Privacy Act 1988* (Cth). ARENA may collect, use and disclose any personal information as contemplated by these Guidelines and any Funding Announcement, including to the entities listed above. Applicants can read ARENA's Privacy Policy on its website for further information.
- 7.5 Any ARENA Confidential Information provided to the Applicant as part of this process is not to be disclosed to any third party, unless required by law or with ARENA's prior written consent.
- 7.6 ARENA may publicly release the names of successful Applicants and the locations of the proposed Projects following announcements of successful Full Applications.

ACKNOWLEDGEMENT AND PUBLICITY

- 7.7 Unless otherwise agreed, ARENA requires that all funding Recipients acknowledge the financial and other support received from ARENA in all publications, promotional and advertising materials, public announcements, events and activities in relation to the Project, or any products, processes or inventions developed as a result of that Project. The form of any such acknowledgement will be set out in the Funding Agreement.

REVIEW OF DECISIONS AND COMPLAINTS

- 7.8 ARENA has in place a Complaints Handling Policy, which is available [here](#), and on the ARENA [website](#). Any complaints concerning assessments or processes should be discussed with the ARENA Personnel involved in the assessment or process in the first instance. If the Applicant is not satisfied following the discussion with the ARENA Personnel, a formal complaint can be made at complaints@arena.gov.au.

CONFLICTS OF INTEREST

- 7.9 ARENA has in place policies to manage any conflicts of interest that may arise with respect to the ARENA Board, personnel and Advisory Panel members.
- 7.10 Applicants must advise ARENA in writing of any actual, apparent or potential conflicts of interest that arise in its application and during any part of the application process.
- 7.11 The Applicant must comply with any directions from ARENA as to the management of a material Conflict of Interest.
- 7.12 ARENA reserves the right to cease consideration of an application, at any stage of the process, where a Conflict of Interest arises that ARENA considers, in its sole discretion, cannot be appropriately managed.

ARENA'S DISCRETION

- 7.13 By submitting an application, the Applicant acknowledges and agrees to ARENA's right to reject, refuse to consider or cease evaluating the Applicant's application, at any time, as set out in these Guidelines.

NO CONTRACT OR LIABILITY

- 7.14 Despite anything in the Guidelines or in any Full Application submission, or any other documentation that forms part of this process (in part or together), by submitting an application, 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 process in relation to the Program in any manner or at all, and that there is in fact no such contract or other relationship in existence;
 - acknowledges that neither the Guidelines nor any submission will create any legal or other obligation upon ARENA to conduct the process in any manner or at all;
 - agrees that ARENA will not be liable whatsoever for any costs incurred by the Applicant in preparing an application for the purposes of applying for funding under this Program; and
 - 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 process in any manner or at all.

WORK HEALTH AND SAFETY

- 7.15 All organisations have obligations under relevant WHS Law to ensure the health and safety of workers so far as is reasonably practicable and that the health and safety of other persons is not put at risk from their undertakings. This obligation includes funding Recipients ensuring that safe systems of work are in place for each of their activities. ARENA expects Applicants to be committed to health and safety management in the proposed Project.
- 7.16 ARENA also has a policy of ensuring that it enters into agreements with, or provides funding to, only those organisations that take a proactive approach to managing work health and safety risks in accordance with the requirements of WHS Law.

OTHER APPLICABLE REQUIREMENTS

- 7.17 In addition to Eligibility Criterion G, all Applicants must disclose any litigation, arbitration, mediation, conciliation or proceeding or any investigations (**Proceedings**) that to the best of the Applicant's knowledge, after having made proper enquiry, are taking place, pending or threatened, against them or a Related Body Corporate (as defined in the *Corporations Act 2001* (Cth)), where such Proceedings have the potential to affect either:
- a. the Applicant's capacity to undertake the proposed Project, or
 - b. the Applicant's reputation.
- 7.18 A range of Commonwealth policy and legislative requirements may also affect the conduct of Projects funded through the Program. Applicants should seek their own advice on any relevant legislation that may be applicable under the Funding Agreement. This may include, for example, the requirement to prepare and submit an Australian Industry Participation Plan if it is required by law.
- 7.19 In addition to Eligibility Criterion G, ARENA will not enter into a Funding Agreement with an organisation on the list of persons and entities designated as terrorists. The list and more information on the anti-terrorism requirements are available at www.dfat.gov.au/international-relations/security/sanctions/consolidated-list.

APPENDIX A – ELIGIBLE EXPENDITURE

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- A.1 This Appendix A regarding Eligible Expenditure specifies the kinds of expenditure that are eligible or ineligible for Projects funded through the Program. Eligible Expenditure requirements are incorporated in the Funding Agreements for the Program, and are to be followed:
- a. in the preparation of the Project budget that is submitted with a Full Application for funding under the Program; and
 - b. in the preparation of reports required under the Funding Agreements.
- A.2 Budgets should be realistic and feasible in relation to the nature of the Project and the expected cash flow. As part of a Full Application, Applicants are required to:
- a. explain any underlying assumptions in the calculation of proposed expenditure;
 - b. indicate where quotes have been received or contracts are already in place; and
 - c. provide relevant document(s) to support expenditure calculations.
- A.3 If a Full Application is accepted for funding and a Funding Agreement is executed, ARENA will make payments as per the terms of the Funding Agreement. The amount and timing of funding to be paid will be determined on a case by case basis as part of the process of negotiating the Funding Agreement. Where an Applicant is in any doubt as to the eligibility of proposed expenditure, the Applicant must bring the matter to ARENA for decision. ARENA's determination on the eligibility of expenditure will be final.

GENERAL PRINCIPLES

- A.4 The following general principles apply in the consideration of Eligible Expenditure:
- a. Eligible Expenditure is expenditure related directly to the undertaking of the Project and is calculated net of GST;
 - b. non-cash and In-Kind Contributions may be considered as Eligible Expenditure, provided that the Applicant can demonstrate to the satisfaction of ARENA that the requirements in these Eligible Expenditure guidelines are satisfied;
 - c. In-Kind Contributions are non-monetary resources used on the Project where no cash has been transferred to the Recipients account(s) for the Project;
 - d. expenditure that is undertaken prior to the signing of the Funding Agreement may be eligible, if prior written approval has been granted by ARENA;
 - e. Opportunity Costs are not Eligible Expenditure;
 - f. where resources are used on a Project and on unrelated activities elsewhere in the Recipient organisation, the cost of those resources should be apportioned to the Project on the basis of the proportion of those resources that were used by the Recipient in undertaking the Project. Where it is not possible to make such a proportionate allocation, the Recipient should allocate the cost of the resources on a reasonable basis and provide information to ARENA to support this allocation of the cost of the resources;
 - g. related party transactions must be treated on an at cost basis, without any cost mark-up, unless the Recipient can demonstrate to the satisfaction of ARENA that the transaction has been calculated on an arm's-length basis; and
 - h. generally accepted accounting principles are to be followed and it must be possible to track expenditure relating to the Project through a Recipient's accounting system to meet the financial reporting and audit requirements in the Funding Agreement.

SPECIFIC ELIGIBILITY PROVISIONS

- A.5 The following is Eligible Expenditure:
- a. Eligible contract expenditure is the cost of any activities to support the Project performed for the Recipient by another organisation. Such work to be performed on a Project must be substantiated with a written contract, which includes a letter or purchase order. If the contractor and the Applicant or Recipient are not at 'arms-length', ARENA may request further information in order to satisfy itself whether the amounts charged were reasonable. Organisations considered not at 'arm's-length' include related companies and companies with common directors or shareholders. It is not a requirement for contracts to be in place at the time an Applicant submits a Full Application to ARENA.

- b. Labour expenditure, such as salaries and wages, including reasonable on-costs for personnel employed directly on the Project. Labour on-costs include workers' compensation insurance, employer contributions to superannuation, recreation and sick leave, long service leave accrual and payroll tax. Labour expenditure is further described in A.8 – A.11 below;
 - c. administrative expenses, including expenses incurred on communications, accommodation, computing facilities, travel, recruitment, printing and stationery, where such expenses are related directly to the Project;
 - d. expenditure for plant installed for the Project at the full delivered cost of the plant;
 - e. expenditure on plant used for the construction of a Project, calculated on the basis of hire or lease costs, and running costs directly related to the construction of the Project, such as rent, power, fuel and repairs and maintenance;
 - f. expenditure activities that directly contribute to or enable knowledge including database development, websites, applications and reports;
 - g. expenditure on legal, audit and accounting costs related directly to the Project;
 - h. expenditure related to the raising of funds for the Project, or the formation of consortia or joint ventures or other partnering arrangements, where such activities can be related directly to the Project;
 - i. expenditure such as relevant licence fees or intellectual property purchase costs, where the Applicant needs to access specific technology to undertake the Project; and
 - j. expenditure related directly to obtaining government approvals to undertake the Project.
- A.6 Expenditure that does not fall under Eligible Expenditure can be included in the total Project cost as ineligible expenditure, however, ARENA funds can only be used for Eligible Expenditure.
- A.7 For the avoidance of doubt, expenditure that is not Eligible Expenditure includes, but is not limited to:
- a. expenditure related to the general operations and administration of the Applicant or Recipient that the Applicant or Recipient could reasonably be expected to undertake in the normal course of business, other than costs that are directly related to the Project;
 - b. expenditure on activities that a local, state, territory or Commonwealth government agency has the responsibility to undertake, unless the Applicant or Recipient can demonstrate to the satisfaction of ARENA that the expenditure is related to a co-contribution;
 - c. interest on loans for new and pre-existing capital items used for the Project;
 - d. expenditure on the acquisition of land for a Project;
 - e. sales or promotional activities that do not directly support the successful completion of the Project;
 - f. membership fees;
 - g. donations; and
 - h. any other expenditure that does not directly support the delivery of the Project.

ELIGIBLE LABOUR EXPENDITURE

- A.8 Eligible labour expenditure is the gross amount paid or payable to an employee of the Applicant or Recipients company or organisation. Eligible salary includes any components of the employee's total remuneration package that are itemised on their Pay As You Go (PAYG) annual payment summaries submitted to the Australian Taxation Office (ATO).
- A.9 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 a cash contribution. 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 shall be classed as an In-Kind Contribution.
- A.10 Recipients must provide evidence to demonstrate the amount of time that an employee spent on the Project. Evidence to support Eligible Expenditure on labour could include timesheets, job cards or diaries.
- A.11 Labour costs cannot be claimed based on an estimation of the employee's worth to the company, where no cash has changed hands.

ELIGIBLE CONTRACT EXPENDITURE

- A.12 Eligible contract expenditure is the cost of any activities to support the Project performed for the Recipient by another organisation. Work to be performed on a Project must be the subject of a written contract, including a letter or purchase order, which specifies the nature of the work to be performed for the Recipient and the applicable fees, charges and other costs payable. The written contract must be executed prior to the commencement of the work undertaken under the contract.
- A.13 It is not a requirement for contracts to be in place at the time an Applicant submits a Full Application to ARENA. However, for major items of contract expenditure, such as purchases of major items of hardware to be incorporated into the Project, Applicants will be expected to have some form of documentary evidence, such as written quotes from suppliers, to substantiate the expenditure included in the budget for the Project.
- A.14 Where the contractor and the Applicant or Recipient are not at 'arm's-length', the amount assessed for work performed will be an amount considered to be a reasonable charge for that work and contain no unacceptable overheads and no element of 'in group profit'. Organisations considered not at 'arm's-length' include related companies and companies with common directors or shareholders.

EXPENDITURE PRIOR TO EXECUTION OF THE FUNDING AGREEMENT

- A.15 ARENA reserves the right to approve expenditure incurred after ARENA has made a funding offer, but before a Funding Agreement has been executed. Requests must be submitted in writing after an offer of funding has been made. Note that any expenditure made before the execution of a Funding Agreement in the absence of ARENA's prior approval is ineligible expenditure and incurred at the sole risk of the Applicant.

OVERSEAS EXPENDITURE

- A.16 No more than 10 per cent 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 with an explanation of why the Project:
- a. cannot be done in Australia; and/or
 - b. would benefit from being performed outside Australia.
- A.17 Following execution of a Funding Agreement, expenditure on goods and services overseas may be subject to approval by ARENA as specified in the Funding Agreement.

ACCOUNTING SYSTEMS

- A.18 Recipients and any relevant Project Partners are required to have suitable accounting systems in place that allow for:
- a. the separate and accurate identification of contributions and Eligible Expenditure on the Project; and
 - b. a clear audit trail of all Project funding contributions and Eligible Expenditure to be available upon request and as required to meet the requirements in the Funding Agreement.

APPENDIX B – TECHNOLOGY READINESS LEVELS

- B.1 The Technology Readiness Level (TRL) index is a globally accepted benchmarking tool for tracking progress and supporting development of a specific technology through the early stages of the innovation chain, from blue sky research (TRL 1) to actual system demonstration over the full range of expected conditions (TRL 9).
- B.2 There are various TRL rating scales that may be applicable to various technologies. For the purposes of this Program, ARENA uses the US Department of Energy Technology Readiness Level scale.
- B.3 To assist Applicants in assessing the TRL of their Project refer to the table on the following pages.

TABLE 1: US DEPARTMENT OF ENERGY TECHNOLOGY READINESS LEVELS⁴

RELATIVE LEVEL OF TECHNOLOGY DEVELOPMENT	TRL	TRL DEFINITION	DESCRIPTION
Systems operations	TRL 9	Actual system operated over the full range of expected mission conditions	The technology is in its final form and operated under the full range of operating mission conditions. Examples include using the actual system with the full range of wastes in hot operations.
System commissioning	TRL 8	Actual system completed and qualified through test and demonstration	The technology has been proven to work in its final form and under expected conditions in almost all cases, this TRL represents the end of true system development. Examples include developmental testing and evaluation of the system with actual waste in hot commissioning. Supporting information includes operational procedures that are virtually complete. An Operational Readiness Review (ORR) has been successfully completed prior to the start of hot testing.
	TRL 7	Full-scale, similar (prototypical) system demonstrated in relevant environment	This represents a major step up from TRL 6, requiring demonstration of an actual system prototype in a relevant environment. Examples include testing full-scale prototype in the field with a range of simulants in cold commissioning. ⁵ Supporting information includes results from the full-scale testing and analysis of the differences between the test environment, and analysis of what the experimental results mean for the eventual operating system/environment. Final design is virtually complete.
Technology demonstration	TRL 6	Engineering/pilot-scale, similar (prototypical) system validation in relevant environment	Engineering-scale models or prototypes are tested in a relevant environment. This represents a major step up in a technology's demonstrated readiness. Examples include testing an engineering scale prototypical system with a range of simulants. Supporting information includes results from the engineering scale testing and analysis of the differences between the engineering scale, prototypical system/environment, and analysis of what the experimental results mean for the eventual operating system/environment. TRL 6 begins true engineering development of the technology as an operational system. The major difference between TRL 5 and 6 is the step up from laboratory scale to engineering scale and the determination of scaling factors that will enable design of the operating system. The prototype should be capable of performing all the functions that will be required of the operational system. The operating environment for the testing should closely represent the actual operating environment.

³ US Department of Energy Technology Readiness Assessment Guide (DOE 413.3-4 10-12-09) <https://www.directives.doe.gov/directives/0413.3-EGuide-04/view>, page 9 and 10

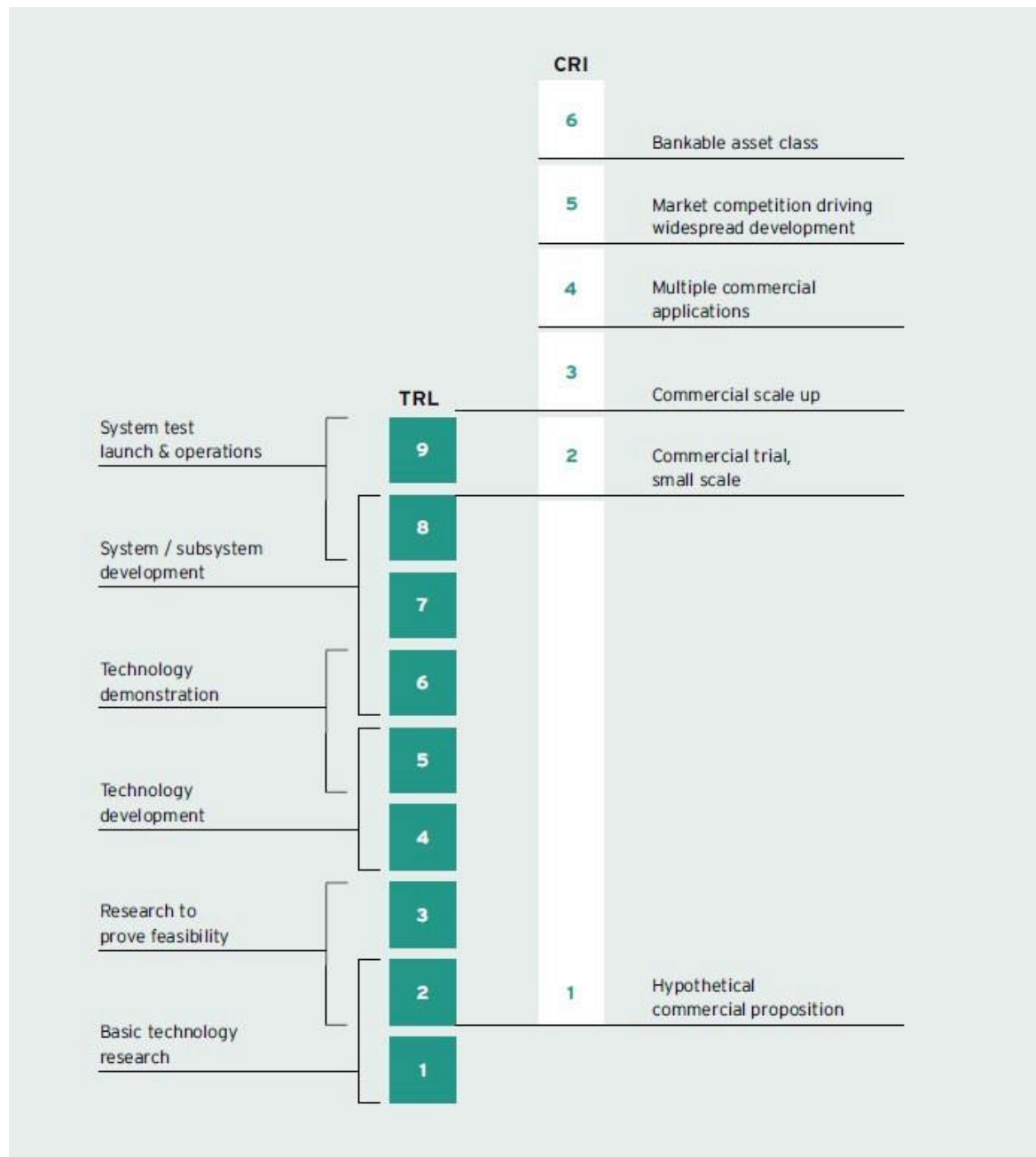
⁴ Simulants should match relevant chemical and physical properties.

RELATIVE LEVEL OF TECHNOLOGY DEVELOPMENT	TRL	TRL DEFINITION	DESCRIPTION
Technology development	TRL 5	Laboratory-scale, similar system validation in relevant environment	The basic technological components are integrated so that the system configuration is similar to (matches) the final application in almost all respects. Examples include testing a high-fidelity, laboratory-scale system in a simulated environment with a range of simulants and actual waste. ⁶ Supporting information includes results from the laboratory scale testing, analysis of the differences between the laboratory and eventual operating system/environment, and analysis of what the experimental results mean for the eventual operating system/environment. The major difference between TRL 4 and 5 is the increase in the fidelity of the system and environment to the actual application. The system tested is almost prototypical.
Technology development	TRL 4	Component and/or system validation in laboratory environment	The basic technological components are integrated to establish that the pieces will work together. This is relatively “low fidelity” compared with the eventual system. Examples include integration of ad hoc hardware in a laboratory and testing with a range of simulants and small scale tests on actual waste. Supporting information includes the results of the integrated experiments and estimates of how the experimental components and experimental test results differ from the expected system performance goals. TRL 4-6 represent the bridge from scientific research to engineering. TRL 4 is the first step in determining whether the individual components will work together as a system. The laboratory system will probably be a mix of on hand equipment and a few special purpose components that may require special handling, calibration, or alignment to get them to function.
Research to prove feasibility (NOT ELIGIBLE)	TRL 3	Analytical and experimental critical function and/or characteristic proof of concept	Active research and development is initiated. This includes analytical studies and laboratory-scale studies to physically validate the analytical predictions of separate elements of the technology. Examples include components that are not yet integrated or representative tested with simulants. Supporting information includes results of laboratory tests performed to measure parameters of interest and comparison to analytical predictions for critical subsystems. At TRL 3 the work has moved beyond the paper phase to experimental work that verifies that the concept works as expected on simulants. Components of the technology are validated, but there is no attempt to integrate the components into a complete system. Modelling and simulation may be used to complement physical experiments.
Basic technology research (NOT ELIGIBLE)	TRL 2	Technology concept and/or application formulated	Once basic principles are observed, practical applications can be invented. Applications are speculative, and there may be no proof or detailed analysis to support the assumptions. Examples are still limited to analytic studies. Supporting information includes publications or other references that outline the application being considered and that provide analysis to support the concept. The step up from TRL 1 to TRL 2 moves the ideas from pure to applied research. Most of the work is analytical or paper studies with the emphasis on understanding the science better. Experimental work is designed to corroborate the basic scientific observations made during TRL 1 work.
	TRL 1	Basic principles observed and reported	This is the lowest level of technology readiness. Scientific research begins to be translated into applied research and development. Examples might include paper studies of a technology’s basic properties or experimental work that consists mainly of observations of the physical world. Supporting Information includes published research or other references that identify the principles that underlie the technology.

⁵ Testing with as wide a range of actual waste as practicable and consistent with waste availability, safety, ALARA (as low as reasonably achievable), cost and Project risk is highly desirable.

- B.4 ARENA has developed the Commercial Readiness Index (CRI) for Applicants to use when considering their Activities and developing funding applications for ARENA consideration. The CRI provides a rigorous structure for evaluating where one or more industry sectors are facing barriers and enables ARENA to structure its funding support to best reduce risks and barriers at the various stages of the pathway to commercialisation.
- B.5 A pictorial representation of the TRLs and CRIs is shown in Figure 1. The CRI extends to the point at which the technology or application is commercially deployed and has become a bankable asset class. This figure demonstrates how Applicants can consider at an early stage how their technology will become commercial.
- B.6 The Program rewards Industrial Activities that can identify a pathway to commercialisation.
- B.7 More information on the CRI is available on the ARENA website arena.gov.au

FIGURE 1: ARENA'S TRL AND CRI FRAMEWORK



GLOSSARY

ARENA Act – the *Australian Renewable Energy Agency Act 2011* (Cth).

Applicant – an eligible organisation or institution as defined in item 3.3 of these Guidelines that has submitted an EOI or Full Application for funding under the Program.

Conflict of Interest – a situation where a person makes a decision or exercises a power in a way that may be, or may be perceived to be, influenced by either material personal interests (financial or non-financial) or material personal associations.

Corresponding WHS Law – as defined in the *Work Health and Safety Act 2011* (Cth), means each of the following:

- › the *Work Health and Safety Act 2011* of New South Wales
- › the *Occupational Health and Safety Act 2004* of Victoria
- › the *Work Health and Safety Act 2011* of Queensland
- › the *Occupational Safety and Health Act 1984* of Western Australia
- › the *Work Health and Safety Act 2012* of South Australia
- › the *Work Health and Safety Act 2012* of Tasmania
- › the *Work Health and Safety Act 2011* of the Australian Capital Territory
- › the *Work Health and Safety (National Uniform Legislation) Act 2011* of the Northern Territory
- › any other law of a State or Territory prescribed by the regulations, as amended from time to time.

Eligibility Criteria – the Eligibility Criteria for Projects listed in Part 3 of these Guidelines.

Eligible Expenditure – expenditure of the kind set out in Appendix A of these Guidelines.

Energy Efficiency Technology – means energy efficiency technologies and includes energy conservation technologies, demand management technologies and technologies (including enabling technologies) that are related to energy efficiency technologies.

Electrification Technology – means technologies that use electricity and replace technologies that use fossil fuels, or technologies that facilitate the replacement of technologies that use fossil fuels with technologies that use electricity.

Full Application – an application for ARENA Grant funding that is submitted by an Applicant through the ARENANet Full Application form for funding under the Program.

Full Time Equivalent (FTE) – the ratio of the total number of paid hours during a period (part time, full time, contracted) by the number of working hours in that period Mondays through Fridays. The ratio units are FTE units or equivalent employees working full-time. In other words, one (1.0) FTE is equivalent to one employee working full-time.

Funding Agreement – the agreement between a Recipient and ARENA for funding under the Program.

Funding Announcement – a document published by ARENA to provide further clarification of Eligibility and Merit Criteria set out in these Guidelines for a Targeted Funding Round and any necessary additional processes.

Grant – an amount awarded for a particular Project in return for the completion of specified milestones. A Grant is not to be confused with a gift or a loan. In the case of the Program, the Grant is the amount identified in the Funding Agreement.

Green Certificates – includes large-scale generation certificates (LGC) traded through the Clean Energy Regulator's REC Registry or an alternative approved by ARENA.

Guidelines – these guidelines for the Program.

HAZOP – Hazard and Operability Analysis plan.

Industrial Activity – the manufacturing, production or processing of raw goods, products or waste materials, including any associated distribution and storage of any such activities.

Industrial Energy Transformation Studies Program – the pre-cursor program to this Program, applications to which close immediately before the commencement of this Program.

Industrial Facility – a facility primarily undertaking one or more Industrial Activities.

In-Kind Contribution – non-monetary resources used on the Project where no cash has been transferred to the Recipients account(s) for the Project.

Knowledge Sharing Plan – an agreement entered into between ARENA and the Applicant under a Funding Agreement to share knowledge from the Project.

Merit Criteria – the Merit Criteria listed in Part 4 of these Guidelines.

Multi-Stage Funding Mechanism – a process which enables an Applicant to seek conditional approval for funding of a two stage Project where an Applicant might otherwise be required to make separate applications.

National Industrial Transformation Program – the Program that is the subject of these Guidelines.

Opportunity Costs – any benefits or production lost due to the allocation of resources to the Project ahead of any other possible activities by the Recipient.

Original Guidelines – Industrial Energy Transformation Studies Program Guidelines: Stream A Feasibility Studies and the Industrial Energy Transformation Studies Program Guidelines: Stream B Engineering Studies, as Published in September 2022.

Personnel – any employee, officer, consultant, contractor or staff made available to ARENA under section 62 of the ARENA Act.

Program – the National Industrial Transformation Program.

Program Open Date – the date in which the Program opens and the Guidelines are valid.

Program Objectives – the aims of the Program as described in item 1.7 of these Guidelines.

Project – the project proposed to be delivered by the Recipient as described in the EOI and Full Application.

Project Partner – a person, organisation or institution that the Applicant has engaged as a joint venture, contractor, financier or consultant to help deliver the Project. Project Partners may also be defined as Project Participants in the Funding Agreement.

Recipient – an entity that has entered into a Funding Agreement with ARENA for funding of a Project.

Renewable Energy Technology – means renewable energy technology, and includes hybrid technologies and technologies (including enabling technologies) that are related to renewable energy technologies.

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. Examples include emissions produced from manufacturing processes or from the burning of fossil fuels.

Scope 2 Greenhouse Gas Emissions – are the emissions released to the atmosphere from the indirect consumption of an energy commodity. For example, these indirect emissions may be from the use of electricity produced by the burning of fossil fuels in another facility. For clarification, Scope 2 emissions from one facility will be part of the Scope 1 emissions from the production facility.

Stage Gate Review – the detailed review of a Project undertaken at the conclusion of Stage 1 for a Project with a Multi-Stage Funding Mechanism to determine approval of funding for Stage 2.

Targeted Funding Round – a process under which ARENA calls (via a further Funding Announcement) for EOIs and Full Applications from Applicants in accordance with the requirements of these Guidelines (to the extent they are expressed to apply) to target certain activities as part of the Program.

WHS Law or WHS Legislation – the *Work Health and Safety Act 2011* (Cth), Corresponding WHS Law or superseded work health and safety or occupational health and safety law in any jurisdiction. The WHS Law includes regulations established under the relevant Acts.

WHSMS – work health and safety management system.

Further information is available at
arena.gov.au

Australian Renewable Energy Agency

To discuss potential for funding:
Phone +61 1800 804 847
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