

31 August 2024

Solar Sunshot

Funding Announcement Round 1A – Solar PV Manufacturing Innovation



Australian Government
Australian Renewable
Energy Agency

ARENA

Acknowledgement of Country

We acknowledge the Traditional Custodians of Australia and their continuing connection to land and sea, waters, environment and community. We pay our respects to the Traditional Custodians of the lands we live and work on, their culture, and their Elders past and present.



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Solar Sunshot Round 1A

On 28 March 2024, the Federal Government announced it will invest \$1 billion in the new Solar Sunshot Program (the **Program**). The Program seeks to support the commercialisation of Australian solar photovoltaic (**PV**) innovations and to enhance solar PV supply chains in Australia. ARENA published the Solar Sunshot Program Guidelines (**Guidelines**) on 31 August 2024.

The Solar Sunshot Round 1A Funding Announcement (**Funding Announcement**) sets out the process for Applicants to seek funding under Round 1A of the Program (**Round 1A**). This Funding Announcement should be read in conjunction with the Guidelines. Definitions contained in the Guidelines also apply to this Funding Announcement, unless otherwise provided. In the event of any inconsistency between the Guidelines and this Funding Announcement, the Guidelines will prevail to the extent of the inconsistency.

In addition to the Guidelines and Funding Announcement, Applicants should also see the Program Frequently Asked Questions and any additional documentation published on the [Program webpage](#) as updated from time to time.

The design of the Sunshot Program has been informed by extensive consultation with a broad range of stakeholders. ARENA expects that the portfolio of Projects supported under the Program will establish the foundation for a resilient and innovative solar PV supply chain, supporting complementary businesses and industries.

ARENA acknowledges the challenge of competing in a globally mature supply chain but also recognises the significant contribution that Australian innovation has and will continue to make to this industry, and the importance of building resilience in a supply chain that is critical to Australia's energy transition. In balancing these challenges, ARENA will seek to support innovative Projects that can contribute to a resilient supply chain and that can demonstrate a viable pathway to commerciality in the long term.


The Program is aligned with the Economic Resilience and Security stream of the Australian Government's Future Made in Australia policy agenda and the Community Benefit Principles, which are focussed on investment in local communities, supply chains and skills, and the promotion of diverse workforces and secure jobs. The Program will support Projects that invest in the people, communities and regions that will drive solar PV supply chains, as well as the broader net zero transition. Projects funded by ARENA under the Program will:

- Engage collaboratively to achieve positive outcomes for local communities, First Nations communities, and the regions in which the Projects are located.
- Grow the solar PV workforce through creation of new safe and secure jobs and by providing opportunities for skills and training to support a skilled and inclusive workforce.
- Enhance resilience in the solar PV supply chain.

Applicants will be required to demonstrate how their Projects will engage with communities to provide meaningful and appropriate benefits. The Community Benefit Principles are embedded in the merit criteria at paragraphs 5.5, 5.9, 5.11, and 5.13 of this Announcement.

1.Round 1A Objective and Outcomes

The Round 1A Objective is to fund Projects that support the Program Objectives by contributing to the following Outcomes:

- 
- a. Support the development of a resilient and integrated solar PV supply chain.
 - b. Support innovation and use of advanced automation in solar PV manufacturing and provide new economic opportunities.
 - c. Reduce barriers to solar PV manufacturing.

- d. Develop pathways to enable sustainable and competitive solar PV supply chains, having regard for long term economic, social, and environmental sustainability and the Community Benefit Principles.

2. Funding Allocation

1. The Round 1A Funding Allocation (**Round Funding Allocation**) is up to \$500 million. ARENA reserves the right to allocate an amount of funding that is lower or higher than the Round Funding Allocation if it considers this to represent value for money.
 - 2.1 Funding provided under Round 1A will be in the form of Capital Grants and/or production-linked grant payments (**Production Credit**), collectively called the Funding Request (**Funding Request**). For further detail on Productions Credits, see Appendix C.
 - 2.2 The value of any Funding Request is to be specified by the Applicant. Principles for sizing of Production Credits are noted in Appendix C. ARENA will provide the minimum amount of funding required to allow the Project to proceed.

3. Scope Requirements

- 3.1 ARENA expects that Applications under Round 1A will conform to the following scope requirements:
 - a. Applications will involve the commercial-scale manufacturing of solar PV technologies of at least TRL 8 and CRI 3 at the time manufacturing commences¹. Technologies may include:
 - i Solar PV modules, cells, and other module components (e.g. framing, solar glass).
 - ii Solar PV racking, tracking, and deployment technologies.
 - b. Technologies and Projects that will not be supported under Round 1A include (but are not limited to):
 - i Ingots and wafer production.
 - ii Polysilicon production.
 - iii Any other upstream activities relating to ingots, wafers or polysilicon.
 - iv Solar PV inverters.
 - v Solar thermal technology.
 - vi Pilot scale manufacturing or the development of emerging technologies.
 - vii Solar PV testing facilities.
 - viii Recycling or end-of-life activities.
 - ix Feasibility studies and Front-end engineering and design (FEED) work.
 - c. Projects will involve new and/or additional manufacturing capacity. The Project may make use of existing land, buildings and infrastructure. Where an existing facility is expanded, funding will not be available to support existing levels of production. ARENA may consider increased throughput to facilities without increased nameplate capacity at its discretion.
 - d. Funding Requests are expected to be within the following ranges:
 - i Up to \$50 million for a Capital Grant, making up no more than 50% of the Project Development and Construction budget;
 - ii Up to \$350 million (nominal) total value for Production Credits. Production Credits will represent the cost gap between the cost of solar technologies produced in Australia, and comparable commercially available technology; and

¹ Refer for details to: [Commercial-Readiness-Index.pdf \(arena.gov.au\)](https://www.arena.gov.au/Commercial-Readiness-Index.pdf)

- iii The aggregate ARENA funding for a single Project is expected to be in the range of \$10 million - \$350 million. ARENA may accept Funding Requests outside this range, in its sole discretion.

3.2 ARENA may adjust or clarify these requirements at its discretion.

4. Eligibility Criteria

4.1 All of the Eligibility Criteria must be met by an Applicant.

Eligibility Criterion A – Eligible Applicant

4.2 To be an Applicant you must:

- a. hold an Australian Business Number (ABN); and
- b. be an Australian entity incorporated under the *Corporations Act 2001* (Cth).

Eligibility Criterion B – Eligible Project

4.3 Applicants must demonstrate to the satisfaction of ARENA that the Project will primarily take place in Australia.

Eligibility Criterion C – Knowledge Sharing

4.4 As set out in section 3.14 – 3.16 of the Guidelines.

Eligibility Criterion D – Warrants and Compliance

4.5 As set out in sections 4.16 – 4.23 of the Guidelines.

5. Merit Criteria

5.1 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 Applicant effectively demonstrates that the Project requires ARENA funding and is not commercially viable without ARENA support (otherwise known as additionality).

5.2 The Merit Criteria are equally weighted.

5.3 This section provides non-exhaustive guidance on how Applicants can demonstrate merit against each criterion. The amount of detail and supporting evidence Applicants provide in their Applications should correspond with the Project size, complexity, stage (EOI or Full Application) and Funding Request.

Merit Criterion A – Contribution to the Round Objective

5.4 This Merit Criterion assesses how well the Project contributes to the Round 1A Objective and meets the Scope Requirement.

5.5 Applicants can demonstrate merit by making evident how the Project will:

- a. Support the development of a resilient and integrated solar PV supply chain.
 - i The extent to which the Project will contribute to the development of a resilient solar PV supply chain, including by creating opportunities to integrate elements of the supply chain and leveraging innovation from research to deployment.
- b. Support innovation and use of advanced automation in solar PV manufacturing.



- i The extent to which the Project innovates on existing PV manufacturing techniques, inputs, deployment technologies and products, including using innovative technologies. Consideration will be given to how projects can support the development and commercialisation of Australia innovation and intellectual property.
- c. Reduce barriers to solar PV manufacturing.
 - i The extent to which the Project addresses technical, regulatory, commercial, and social barriers to provide replicable, scalable models for solar PV manufacturing.
- d. Develop pathways to enable sustainable and competitive solar PV supply chains, having regard for long term economic, social, and environmental sustainability and the Community Benefit Principles.
 - i The extent to which the Project contributes to sustainable and competitive PV supply chains including improving the economics of PV manufacturing (including pathway to commercialisation), supporting community engagement, benefit and social licence, and improving life-cycle environmental impact. This will consider outcomes for local community, including First Nations groups, and the extent to which the Project contributes to net zero emissions transformation in the region it is located and demonstrates overall alignment with any regional transition priorities, including an orderly and positive economic transformation towards net zero emissions.

Merit Criterion B – Applicant Capability and Capacity Overview

- 5.6 This criterion assesses the capability and capacity of the Applicant and Project Partners to deliver the Project.
- 5.7 Applicants can demonstrate merit by making evident their:
- a. Capability as relevant to the Project, including (but not limited to):
 - i management, commercial, professional, regulatory, community engagement, and technical expertise of the Applicant and Project partners.
 - ii track-record, including that of Project Partners and key personnel, in delivering outcomes from similar activities on time and on budget.
 - iii professional excellence and experience, as well as that of any Project Partners, including any relevant accreditations, quality standards and benchmarks.
 - b. Capacity as relevant to the Project, including (but not limited to):
 - i access to the resources, including personnel, physical resources and facilities required to deliver the Project, including confirmation that they will be available at the times required during the Project.
 - ii the nature and status of any agreements between Project Partners.

Merit Criterion C – Project Design, including Methodology, Risk, Compliance and Community Benefits

- 5.8 This criterion assesses how well designed and planned the Project is, including objectives and methodology, technical design, risk management, development and permitting processes, schedule, project management, and community engagement.
- 5.9 Applicants can demonstrate merit by making evident the quality and completeness of:
- a. The design and delivery methodology of the Project.
 - b. The Application documentation, including Project Plan and other mandatory

- attachments.
- c. Project definition, including development work completed to date and pathway to complete the FEED or other early development phase. This includes Project design documents and drawings.
- d. Land and/or facility access information.
- e. Development information, including consent, licensing, permitting, and regulatory processes required to undertake the Project.
- f. The Project delivery timeline.
- g. Information on the use of renewable energy generation in the Project's power supply, for example through behind-the-meter embedded generation or through renewable energy procurement.
- h. Procurement information, including management of equipment supply chain and the proposed sources and suppliers of key components.
- i. Risk management information including risk identification and mitigation.
- j. Community engagement and benefit information, including the extent to which stakeholders including neighbours, local communities, and Traditional Owners and other First Nations groups are identified, and their needs assessed (refer to Appendix A9 for details expected within a Full Application).
- k. Regional transition information including alignment with any existing regional transition plans, priorities and pathways.
- l. Personnel resourcing information, including consideration of regional workforce transitions to lower carbon industries, and targets for gender equality, First Nations employment and any other opportunities for more inclusive workplaces.
- m. Compliance with the terms of the Funding Agreement template and/or Term Sheet.
- n. Compliance with any other requirements outlined in the Guidelines or Funding Announcement.

Merit Criterion D – Financial Viability and Co-Funding Commitment Overview

5.10 This criterion assesses:

- a. The financial capacity of Applicants and any Project Partners to deliver the Project, and the levels of co-funding commitment.
- b. Whether the Project is commercially viable without ARENA funding.
- c. Whether the amount of funding and the total cost of the Activity is appropriate and represents value for money, including how it compares to relevant industry benchmarks.

5.11 Applicants can demonstrate merit by making evident:

- a. The quality and completeness of the Project budget and Financial Model, including supporting evidence.
- b. The total cost of the Project and providing a rationale for the Funding Request, including consideration of appropriate returns to shareholders and positive outcomes for local communities.
- c. The level of definition and status of the financing information, including:
 - i. The level of conditionality of the financing commitments.
 - ii. The level of certainty of Project sales, including any offtake agreements.
 - iii. The financial capacity of the Applicant and Project Partners to deliver the Project, including the ability to contribute required equity to the Project and capacity to manage cost overruns.



- d. That the proposed returns to Project shareholders are reasonable.
- e. Value for money, which may include (but is not limited to):
 - i The Funding Request as a function of expected production.
 - ii The Funding Request as a function of production capacity.
 - iii The Funding Request as a percentage of Project costs.

Merit Criterion E – Knowledge Sharing

- 5.12 This criterion assesses the value of knowledge generated by the Project in contributing to the Round Objective, how well that knowledge is targeted to specific audiences, and how the knowledge is captured, stored, disseminated.
- 5.13 Applicants can demonstrate merit by making evident:
- a. How the knowledge generated will contribute to the Round Objective.
 - b. How well tailored the Knowledge Sharing Plan is to the purpose of the Project.
 - c. A commitment from Applicants and any Project partners to deploy resources to produce high quality knowledge sharing products and communicate the results beyond the Project consortium, including to broader industry, community, and other relevant stakeholders;
 - d. 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 to the public;
 - ii will be provided to ARENA but is to be treated as commercial in confidence by ARENA; and
 - iii will remain confidential.
 - e. Any constraints that may prevent you from sharing knowledge and information, such as Intellectual Property (IP) protection processes and rights of any third parties, including third party materials and IP.

6. Application and Assessment Process

- 6.1 This section outlines the high-level application and assessment process, including guidance and expectations for each stage of the application process. Applicants should read this section and Part 2 of the Program Guidelines in full prior to submitting an Application. The assessment process under Round 1A typically involves two stages:
- a. an Expression of Interest (EOI); and
 - b. a Full Application.
- 6.2 Eligibility and merit will be assessed at both stages.

Expression of Interest

- 6.3 Applicants are strongly encouraged to contact ARENA to discuss their Project before submitting an EOI. ARENA can provide guidance on the suitability of the Project against the Program Guidelines and the Funding Announcement.
- 6.4 Applicants may submit an EOI at any time up to the EOI Submission Date. Applicants that have been invited to submit a Full Application, may do so any time up to the Full Application Submission Date.
- 6.5 EOIs must include the specified information outlined in sections A.1 – A.4 of Appendix A, unless any of the requirements have been waived by ARENA. If the specified information is not provided, in the format set out in ARENA's online application system ARENANet or on the [Program webpage](#), ARENA reserves the right to request supplementary information, or decline to assess the EOI.

- 6.6 ARENA may, in its sole discretion, waive the EOI, including under the following conditions:
- a. The application has been invited to submit a Full Application under another ARENA Program; or
 - b. ARENA has determined that a two-stage process would unduly impact the Project outcomes.

Full Application

- 6.7 Only Applicants who have been invited by ARENA may submit a Full Application, up to the Full Application Submission Due Date.
- 6.8 Full Applications must include the information outlined in sections A.5 – A.13 of Appendix A unless any of the requirements have been waived by ARENA. If the specified information is not provided, in the format set out in ARENANet or on the [Program webpage](#), ARENA reserves the right to request supplementary information, or decline to assess the Full Application.

Submitting an Application

- 6.9 All applications must be submitted online using ARENANet, or as otherwise directed by ARENA. A link to ARENANet is accessible from the [Program webpage](#).
- 6.10 Applications are expected to be concise and provide only relevant information.
- 6.11 Further guidance on attachments and available templates are available on the [Program webpage](#).

Assessment Process

- 6.12 Subject to section 2.11 of the Guidelines, ARENA will assess the eligibility of Applicants and their applications against the Eligibility Criteria set out in Part 4 of this Funding Announcement. Applications that do not meet all Eligibility Criteria will be considered ineligible and will not be assessed further.
- 6.13 Eligible applications will be assessed against the Merit Criteria set out in Part 5 of this Funding Announcement.
- 6.14 ARENA may decline to assess those applications it considers to be of obvious low merit against one or more Merit Criteria. As such they will not proceed to assessment by the ARENA Advisory Panel and will be excluded from further consideration.
- 6.15 A Ranked Process, as set out in section 2.25 – 2.26 of the Guidelines will not be used for Round 1A.
- 6.16 ARENA may, at any time during the application and assessment process, undertake the activities outlined in section 2.13 of the Guidelines.
- 6.17 Following assessment, ARENA may decide to award funding in accordance with section 2.15 – 2.17 of the Guidelines.

Portfolio Approach

- 6.18 ARENA reserves the right to apply a portfolio approach when offering funding under Round 1A, as set out in sections 2.18 - 2.19 of the Guidelines.

Collaboration

- 6.19 ARENA reserves the right to collaborate with Applicants to develop their application where appropriate, as set out in sections 2.21 – 2.24 of the Guidelines.

Due Diligence

- 6.20 ARENA may undertake due diligence activities, as set out in section 2.20 of the Guidelines.

Climate Performance

- 6.21 Climate performance requirements as set out in section 2.27 – 2.30 apply under Round 1A.

7. Funding Agreements

Funding Offers

- 7.1 As set out in sections 3.1 – 3.7 of the Guidelines.

Funding Agreement

- 7.2 As set out in sections 3.8 – 3.10 of the Guidelines.
- 7.3 The following template documents will be available on the Program website:
- a. For Grant Requests in the form of Capital Grants, a Funding Agreement template.
 - b. For Grant Requests in the form of Production Credits, a draft Term Sheet.
 - c. Applicants seeking both a Capital Grant and Production Credit for a Project should review the Funding Agreement template and the draft Term Sheet. ARENA will prepare a Funding Agreement for successful Applicants that may include elements of both the Funding Agreement template and draft Term Sheet, as relevant to the Project.

Use of Funding

- 7.4 As set out in sections 3.11 – 3.13 of the Guidelines.
- 7.5 Funding from ARENA must be used only for approved expenditure on the Project.
- a. For Grant Requests in the form of Capital Grants, eligible expenditure is set out in Appendix B
 - b. For Grant Requests in the form of Production Credits, details are set out in Appendix C.

Knowledge Sharing and Publication of Study Information

- 7.6 As set out in sections 3.14 – 3.16 of the Guidelines. A template Knowledge Sharing Plan is available from the [Program webpage](#).

Bid Bonds

- 7.7 When an Offer to Negotiate letter is issued for a Grant Request of more than \$30 million, the Applicant may be required to provide ARENA with a bid bond to demonstrate to ARENA that Applicants will commit to successfully reaching Financial Close (Bid Bond).
- 7.8 The Bid Bond is an amount of money necessary to protect ARENA's commercial, financial and other interests that would be harmed in the event that an Applicant received an Offer to Negotiate and does not proceed to Financial Close by the date prescribed in the Offer to Negotiate (or such later date notified by ARENA).
- 7.9 The requirement and quantum for a Bid Bond will be determined by ARENA, in its sole discretion, considering:
- a. the value of the Grant Request,
 - b. the risk of the Project not successfully reaching Financial Close,
 - c. the costs and losses that would be incurred by ARENA in seeking a replacement Project, and
 - d. any other consideration that ARENA considers relevant.
- 7.10 Bid Bonds will be forfeited if an Applicant has received an Offer to Negotiate but does not proceed to Financial Close by the date specified in the Offer to Negotiate (or such later date

notified by ARENA), including by withdrawing from negotiations or otherwise prematurely exiting the process before Financial Close.

- 7.11 ARENA will return the Bid Bond to the Applicant if the Applicant achieves Financial Close on, or before, the date specified in the Offer to Negotiate (or such later date notified by ARENA).
- 7.12 Further details of the Bid Bond (such as the value, form and conditions) will be provided to the Applicant in the Offer to Negotiate.

8.Key Dates

- 8.1 Round 1A opened on 31 August 2024.
- 8.2 The EOI and Full Application Submission Dates are listed on the [Program webpage](#).
- 8.3 Other than in exceptional circumstances as determined by ARENA, ARENA will not accept a Full Application submitted after the relevant submission date.



Appendix A – Application Information Requirements

Expression of Interest

A.1 **A Project Plan** (no page limit) that should include (at a minimum):

- a. Summary of the Project including description, size, and proposed location.
- b. Description of land access status and pathway to finalisation.
- c. An overview of the proposed design of the production facility, including equipment, layouts, and process flow diagrams.
- d. Details of any plans to develop, support or coordinate with related solar PV manufacturing activities.
- e. Details of personnel resourcing, roles and responsibilities, and recruitment.
- f. An outline of the key Project Partners.
- g. Details of any completed feasibility and FEED studies, and copies if available, as well as timelines to completion for studies that are underway.
- h. An outline of the Project's proposed financing structure and pathway to Financial Close.
- i. Details of the pathway and timeline to commercialisation for the planned production capacity, including go-to-market planning, estimated cost of goods sold and expected offtake price.
- j. A Project budget, including evidence of all major cost assumptions to a confidence interval of at least +/-30%, and proposed funding milestones.
- k. An overview of the status and pathway to finalisation of any development, planning, licensing, grid connection, heritage and environmental approvals, and any other regulatory processes required for the Project.
- l. A timetable for the Project, including key milestones, target Financial Close date, and target date of first production from the Project.
- m. Identification of key Project risks, and proposed mitigation of these risks.
- n. Details of the Project's approach to community engagement and social license, including identification of stakeholders, engagement activities, and any proposed community benefits.
- o. An overview of relevant social, environmental, and sustainability-related features of the Project, such as gender equality and First Nations employment targets, regional transition opportunities, circular economy and end-of-life opportunities, low-carbon intensity production, and/or modern slavery considerations.
- p. Overview of proposed power supply arrangements, including extent to which production will be powered by renewable energy.
- q. An overview of any proposed use of local supply chains, or other information that evidences the Project's contribution to supply chain resilience.
- r. An overview of the estimated jobs maintained and created through the construction and operational period of the Project, including skills and training opportunities, and the extent to which the project is expected to involve safe and secure jobs that are well paid and have good conditions.
- s. Details of proposed Knowledge Sharing including audience, deliverables, dissemination methods, and budget.

A.2 **A dynamic Financial Model** that should include (at a minimum):

- a. Ability to sensitise the model to view the equity and Project IRR (pre- and post-tax) with

and without ARENA (and other concessional) funding.

- b. All assumptions and scenarios, ensuring they are clearly labelled and dynamically linked to assumption values.
- c. Calculation of capital and operating costs and revenues, provided at a quarterly or monthly granularity, with a breakdown of cost/revenue categories.

A.2 A completed template budget sources and uses table.

A.3 Any letters of support.

A.4 List of any further documents available for due diligence.



Full Application

A.5 **A detailed Project Plan** (no page limit) that should include (at a minimum):

- a. Summary of the Project including description, size, and proposed location.
- b. Confirmation that all required land access rights have been secured, or where relevant conditions attached to securing any access rights.
- c. The proposed design of the production facility, including equipment, layouts, and process flow diagrams.
- d. Details of any plans to develop, support or coordinate with related solar PV manufacturing activities, including the status of any agreements.
- e. Details of completed or in progress feasibility and FEED studies, and copies if available.
- f. Outline of the key Project Partners, including status and evidence of commercial agreements.
- g. Detailed Production Credit information, in accordance with Appendix A (if applicable).
- h. Details of the Project's proposed financing structure including evidence of the proposed sources of funds, and pathway to Financial Close. This includes detailed term sheet(s) for any equity and/or debt funding, including any conditions.
- i. Details of the pathway to commercialisation for the planned production capacity, including go-to-market planning, estimated cost of goods sold and detailed term sheet(s) for any agreed production offtake (if applicable). Term sheets should specify timing, volume and price and any specific conditions. In the case of merchant sales, Applicants should provide comprehensive detail on the expected achievable market price of the production from the Project and evidence to support assumptions.
- j. A Project budget, including evidence of all major cost assumptions to a confidence interval of at least +/-20%, and proposed funding milestones.
- k. Details on how the Applicant will manage contingency costs and cost overruns.
- l. Details on the proposed operations and maintenance regime for the lifetime of the asset.
- m. Detail on the status and pathway of any development, planning, licensing, grid connection, heritage and environmental approvals, and any other regulatory processes required for the Project, and anticipated pathway and timing to finalisation of such approvals.
- n. A Timetable for the Project, including key milestones, target Financial Close date, and target date of first production from the Project facility.
- o. Details of relevant social, environmental, and sustainability related features of the Project, such as gender equality and First Nations employment targets, regional transition opportunities, circular economy and end of life opportunities, low-carbon intensity production, and/or modern slavery considerations.
- p. Details of proposed power supply arrangements, including extent to which production will be powered by renewable energy, and status of any agreements.
- q. Detail of any proposed use of local supply chains, or other information that evidences the Project's contribution to supply chain resilience.
- r. Responses to any EOI feedback.

A.6 **A dynamic Financial Model** that should include (at a minimum):

- a. A clear presentation of the Funding Request, including linkage of any Production Credits with projected production levels.
- b. Ability to sensitise the model to view the equity and Project IRR (pre- and post-tax) with

and without ARENA (and other concessional) funding.

- c. All assumptions and scenarios, ensuring they are clearly labelled and dynamically linked to assumption values.
- d. Calculation of capital and operating costs and revenues for the Project, provided at a quarterly or monthly granularity, with a breakdown of cost/revenue categories.
- e. Evidence for assumptions and inputs, including third-party information, where applicable. All submission materials will be treated as commercial-in-confidence.

A.7 A completed template budget sources and uses table.

A.8 A detailed risk management plan that should include (at a minimum):

- a. Identification and documentation of all key Project lifecycle risks (including, but not limited to, work, health, and safety; commercial and contracting, regulatory, legal, technical, social, cost, organisational, performance, strategic, and Project management risks) and categorisation of those risks covering both likelihood of occurrence and impact of potential consequences. This includes risks to community and environment.
- b. The proposed mitigation strategies that the Recipient will undertake to eliminate or minimise the likelihood and impact of those risks, and the residual risk likelihood and impact.
- c. The process for regularly monitoring and updating the Risk Management Plan and reporting to the Recipient's internal governance and management, Project Partners, and other relevant stakeholders.

A.9 A detailed community engagement and benefit plan that should include (at a minimum):

- a. Identification of all key stakeholder groups, including facility neighbours, local communities, Traditional Owners, and other First Nations groups that are potentially affected by the Project.
- b. An outline of the proposed collaborative community engagement processes including how stakeholders will access the latest Project information. This may include participation and shared decision-making processes, as relevant to the Project. These considerations should cover the life of the Project.
- c. Details of proposed approach to benefit sharing with stakeholder communities, including First Nations groups and any communities directly affected by the transition to net zero. This may include local procurement and employment, financial and non-financial community benefits, partnerships, joint ventures, or other benefits relevant to the Project and community. The approach should be appropriate, and where possible, co-determined with community members in response to their needs.
- d. Details of how the Project aligns with applicable regional transition plans, priorities and pathways. This may include assessment against existing plans and priorities and/or the proposed approach to assess alignment through community engagement.
- e. How the Project will comply with the industry best practice, which may include the Best Practice Charter for Renewable Energy Projects and/or other appropriate community engagement and benefit standard(s) such as the CEC's Guide to Benefit Sharing Options for Renewable Energy Projects and CEC's Leading Principles: First Nations and Renewable Energy Projects.
- f. Process for maintaining an up-to-date record of complaints arising from community engagement and the responses provided to these complaints.
- g. A process for regularly monitoring and updating the Community Engagement and Benefit Plans and reporting to the Recipient's internal management, board, Project Participants, and other key groups to ensure the on-going improvement of community engagement.

A.10 A detailed recruitment plan that should include (at a minimum):

- a. Details of the required personnel and skills to undertake the Project. This includes the estimated number of jobs maintained and created throughout the construction and operational period of the Project.
- b. The approach and timing of recruitment.
- c. Details of approach to gender equality, First Nations employment, and any other opportunities for more inclusive workplaces.
- d. Details of skills and training requirements and opportunities.
- e. Details of requirements for an Industry Participation Plan (if required for the Project).
- f. Details of the extent to which the Project is expected to create safe and secure jobs that are well paid and have good conditions.

A.11 A Knowledge Sharing Plan.

A.12 A completed Funding Agreement and/or Term Sheet Compliance Table (as relevant to the Project), outlining departures to the standard terms and conditions in the Funding Agreement template and/or Term Sheet.

A.13 Any letters of support.

A.14 List of any further documents available to support due diligence by ARENA.



Appendix B – Eligible Expenditure

- B.1 This Appendix specifies the kinds of expenditure that are eligible or not eligible for Projects seeking Capital Grants under Round 1A and is to be complied with:
- a. in the preparation of the Project budget that is submitted with an EOI or Full Application; and
 - b. by funding Recipients as part of the regular milestone reporting and financial reporting required of Recipients under the Funding Agreement.
- B.2 In the case of Capital Grants, Applicants are required to identify objectively verifiable milestones and to prepare their budgets to meet the expenditure required for each milestone. Budgets should be realistic and feasible in relation to the nature of the Project and the expected cash flow. As part of the application process Applicants are required to:
- a. explain the underlying assumptions and the basis for calculation of expenditure items;
 - b. indicate where quotations and contracts are in place; and
 - c. provide any evidence to support the expenditure calculations used by the Applicant.
- B.3 If an 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. The Eligible Expenditure guidelines do not apply to Production Credits.

General Principles

- B.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 to be considered Eligible Expenditure are satisfied.
 - c. in-kind contributions are contributions for goods or services used on the Project where no cash payment has been made or transferred to the Recipient's account(s).
 - 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 both for a Project and unrelated activities elsewhere in the Recipient organisation, the cost of those resources should be appropriately apportioned to the Project on a pro rata basis according to the proportion that those resources are used on 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 mark-up, unless the Recipient can demonstrate to the satisfaction of ARENA that the transaction has been calculated on an arm's-length basis. 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

- B.5 The following is Eligible Expenditure:

- a. Contract expenditure is the cost of any activities to support the Project for the Recipient by another organisation. Such work must be substantiated with a written contract, which includes a letter or purchase order, specifying the nature of the work to be performed for the Recipient any applicable fees, charges and other costs payable.
- b. It is not a requirement for contracts to be in place at the time of Application. However, for major items of contract expenditure, such as purchases of major equipment items, Applicants will be expected to have some form of evidence such as written quotes from suppliers, to substantiate the expenditure included in the Application budget.
- c. If a proposed contractor and the Recipient are not at 'arm's-length', ARENA may request further information to satisfy itself that the amounts charged are reasonable for that work and contain no unacceptable overheads and no element of 'in-group profit'. Organisations considered not at 'arm's-length' include (but are not limited to): related companies and companies with common directors or shareholders.
- d. **Labour expenditure** includes salaries, 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. Eligible labour expenditure is the gross amount paid or payable to an employee of the Applicant's or Recipient's 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). Recipients must provide evidence of time attributed to labour expenditure under the Funding Agreement. Such evidence could include timesheets, job cards or diaries.
- e. **Expenditure incurred** prior to the execution of the Funding Agreement: 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 incurred before the execution of a Funding Agreement in the absence of ARENA's prior approval is ineligible and incurred at the sole risk of the Applicant.
- f. **Administrative expenses**, including expenses incurred on communications, accommodation, computing facilities, travel, recruitment, printing and stationery, where such expenses are related directly to the Project.
- g. **Equipment** including expenditure for plant installed for the Project at the full delivered cost of the plant. Where equipment or plant is used for construction of a Project, expenditure should be 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.
- h. expenditure activities that directly contribute to or enable knowledge sharing or information collection for the Project including database development, websites, web-based applications (apps) and reports.
- i. expenditure on legal, audit and accounting costs related directly to the Project.
- j. 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.
- k. expenditure such as relevant licence fees or intellectual property purchase costs, where the Recipient needs to access specific technology to undertake the Project.
- l. expenditure related directly to obtaining government approvals to undertake the Project.

B.6 Expenditure that does not fall under Eligible Expenditure can be included in the Project budget as ineligible expenditure, however ARENA funding can only be used for Eligible Expenditure. The Applicant should make it clear in the application any budget item it does not consider to be Eligible Expenditure. ARENA may seek evidence and clarification on any budget line items as part of its assessment.

- B.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. This includes reasonable on costs (direct costs) for research institution overheads, which may be calculated at a maximum rate of 30 per cent of research staff salaries inclusive of on costs;
 - b. expenditure on Projects 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 support directly the successful completion of the Project;
 - f. membership fees;
 - g. donations; or
 - h. expenditure that does not directly support the successful completion of the Project.

Accounting Systems

- B.8 Recipients are required to have in place suitable accounting systems and to provide to ARENA assurances that the accounting system allows for the separate and accurate identification of contributions and Eligible Expenditure on the Project.
- B.9 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 C – Production Credits and Calculation

Production Credit Structure and Calculation

- c.1 Grant funding under the Program may be paid in the form of a Production Credit. Production Credit funding would be paid per unit of eligible solar production, with payments made over a maximum 10 year period.
- c.2 The Production Credit should represent the minimum additional funding required to bridge the difference between the expected sales price and the Applicant’s cost of production (including a justifiable return on capital). This relationship is illustrated in Figure 1 below.

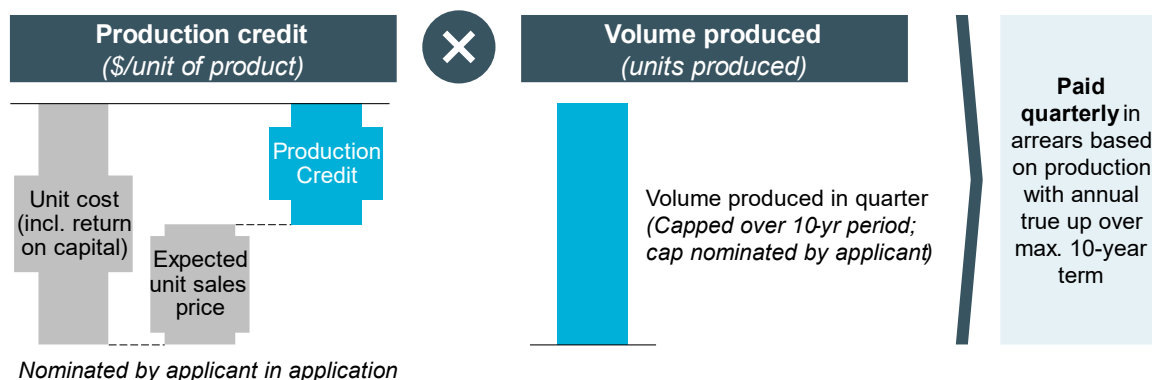


Figure 1 – Structure of Production Credit

- c.3 Proposed Production Credit parameters will be considered as part of the Merit assessment.

Key Parameters

- c.4 When proposing a Production Credit value within the application, the following parameters should be made clear:

Parameter	Comment
Production cost (\$/W)	The forecast production cost of solar components, presented with and without a margin.
Total production credit support required (\$/W)	Applicants are to provide the total of the maximum Production Credit support being requested across the Funding Period.
Production Credit annual profile (\$/W)	Applicants are to nominate the value of the Production Credit being requested in a yearly profile across the Funding Period. The Production Credit should be sized at the minimum value to bridge the gap between production costs and expected sales prices and margin and reflect expected changes in these figures over time.
Required return (pre and post-tax equity IRR and Project IRR) (%)	Applicants are required to propose their required return (pre and post-tax equity IRR and Project IRR). The Production Credit should represent the additional revenue required for the Project to generate the minimum required return for the Project sponsors to undertake the Project.
Production Support Start Date	Production Credit support will not commence before the commissioning / commercial operations date of the Project. This date should reflect the first production and any 'ramp-up' profile should be reflected in the Forecast Annual Production Volumes.
Forecast Annual Production Volume	Applicants are to specify a Forecast Annual Production Volume for each year of the Funding Period. The sum of the Forecast Annual Production

(MW)	Volumes over the Funding Period must equal the Forecast Lifetime Production Volume. The sum of the Forecast Annual Production Volume over the Funding Period must equal the Forecast Lifetime Production Volume. Where there is production not eligible or requiring a Production Credit, this should be made clear.
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c.5 Applicants should also take the following into consideration when determining the required Production Credit:

Parameter	Comment
Term and frequency of funding	It is expected that the Production Credit will be paid quarterly in arrears for a maximum term of 10 years with shorter terms preferred. Quarterly payments will be made based on the volume produced in that quarter multiplied by the nominated Production Credit value in that year. An annual true up and certification process will consider audited actual production volumes to ensure that payment under the Program for that year is equal to the value of the Production Credit multiplied by the actual production. The annual true up process will be required to be certified by an independent body as meeting the requirements specified within the agreed terms. ARENA reserves the right to negotiate reporting arrangements and payment frequency with successful Applicants.
Total Payment Cap	Applicants are to specify the maximum funding envelope that could be payable to a Recipient over the Funding Period.
Indexation/inflation assumption for Production Credit	Applicants are to specify the Production Credit value for each financial year that the Production Credit applies. The value of the Production Credit will not be further adjusted for inflation before or during Project operation.
Upside Sharing	Recipients may be required to pay back an amount of the Production Credit received in previous years, sharing the upside of any 'windfall gain' event experienced. This is anticipated to capture situations where market changes result in the funded Project no longer requiring concessional funding support, due to market changes or otherwise. The thresholds and calculation of amounts eligible to be repaid will be determined throughout Funding Agreement negotiations between successful Applicants and ARENA.
Pathway to commercialisation	ARENA expects the Production Credit profile to reflect the Project's pathway to commercialisation, with a reducing credit value over the Funding Period.



Glossary

ABN – Australian Business Number.

Applicant – an eligible organisation or institution as defined in Part 4 of this Funding Announcement that has submitted an EOI or Full Application under the Program.

ARENA – the Australian Renewable Energy Agency.

ARENA Advisory Panel – information on the members of the ARENA Advisory Panel is available from the ARENA website at arena.gov.au.

ATO – Australian Tax Office.

Bid Bond – the amount (to be confirmed by ARENA in an offer to negotiate a Funding Agreement) required to be provided by Applicants that are successful at the Full Application stage of the Competitive Round. Bid Bonds will be forfeited if an Applicant does not proceed to Financial Close within the required time.

Capital Grant – a funding amount awarded by ARENA for a particular Project in return for the completion of specified milestones as outlined in the Funding Agreement. A Capital Grant is not to be confused with a gift or a loan. Capital Grants are subject to normal taxation treatment as income and no special taxation arrangements will apply to Capital Grants under Round 1A. A Capital Grant includes recoupable funding, that is, where some or all of the Capital Grant may be recouped by ARENA if certain conditions are met in accordance with the Funding Agreement.

CEC – Clean Energy Council.

Community Benefit Principles – as part of the Future Made in Australia policy agenda, the Government is establishing Community Benefit Principles to ensure public investment and the private investment it attracts flows to communities in ways that benefit local workers and businesses. The Community Benefit Principles are set out in subsection 10(3) of the Future Made in Australia Bill (introduced to Parliament on 3 July 2024). For the Purpose of the Program, the Community Benefit Principles will be defined based on the contents of the Future Made in Australia Bill. The Community Benefit Principles are to:

- Promote safe and secure jobs that are well paid and have good conditions.
- Develop more skilled and inclusive workforces, including by investing in training and skills development and broadening opportunities for workforce participation.
- Engage collaboratively with and achieve positive outcomes for local communities, such as First Nations communities and communities directly affected by the transition to net zero.
- Strengthen domestic industrial capabilities including through stronger local supply chains.
- Demonstrate transparency and compliance in relation to the management of tax affairs, including benefits received under Future Made in Australia Supports.

Eligibility Criteria – the Eligibility Criteria for Projects listed in Part 4 of this Funding Announcement and used to determine whether a Project will proceed for assessment against the Merit Criteria.

EOI Submission Date – the deadline for submission of all required application materials for an EOI under Round 1A. The date will be maintained on the Program website.

Forecast Annual Production Volume – the forecast annual production of the facility for a year within the Funding Period.

Forecast Lifetime Production Volume – the forecast total production of the facility over the Funding Period.

EOI – a submission of Project details to ARENA including the content outlined in Appendix B.

FEED – Front-end engineering and design.

Full Application Submission Date – the deadline for submission of all required application materials for

an EOI under Round 1A. The date will be maintained on the Program website.

Financial Close – typically, the date at which all key Project documentation has been executed and any conditions precedent have been satisfied or waived.

Financial Model – an excel based model that includes (but is not limited to) projections of costs, revenues and returns on monthly or quarterly intervals across the life of the Project (including the construction period).

Full Application – an application for funding to the Solar Sunshot Program, containing the content outlined in Appendix B.

Full Application Submission Date – the deadline for submission of all required application materials for a Full Application under Round 1A. The date will be maintained on the Program website.

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

Funding Announcement – the document published by ARENA that establishes a Funding Round and details the procedures and requirements for Applicants seeking funding.

Funding Period – the period of time over which the Production Credit is paid to a Recipient under the Program. Note, this term is specific to Production Credit grants, and not used in regard to Capital Grants.

Funding Request – the total funding being requested by a Project, inclusive of the Capital Grant request and the Production Credit grant request.

Guidelines – the Program Guidelines.

IP – Intellectual property.

IRR – Internal Rate of Return.

Knowledge Sharing Plan – an agreement entered into between ARENA and the Recipient that outlines how knowledge and information from the Project will be collected, analysed, stored, used and shared.

MW – Megawatt.

Merit Criteria – the Merit Criteria listed in Part 5 of this Funding Announcement and used to assess the overall quality and value of a Project.

Minister – the Minister for Climate Change and Energy.

Offer to Negotiate – a non-binding offer to negotiate a Funding Agreement, issued to Applicants that are successful at the Full Application stage of the Round.

PAYG – Pay As You Go.

Production Credit – A funding amount awarded by ARENA per unit of eligible production. The Production Credit should represent the additional funding required to bridge the difference between the expected sales price to customers and the Applicant's cost of production (including a justifiable return on capital) as set out in Appendix C. Production Credits are subject to normal taxation treatment as income and no special taxation arrangements will apply to Production Credits under Round 1A

Program – the Solar Sunshot Program.

Program Objectives – the aims of the Program as described in Part 1 of this Funding Announcement.

Project – the project proposed to be delivered by an Applicant, as set out in the application. Eligible Projects are defined in Part 4 of this Funding Announcement.

Project Partners – a person, organisation or institution that the Applicant has engaged as a joint venturer, supplier, contractor, financier, customer or consultant to help deliver the Project as part of its application.

Project Plan – a document that summarises the details of the Project and should include the content noted in Appendix A. Note that the requirements are different between EOI and Full Application.

PV – photovoltaic.

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

Round 1A – a Funding Round under the Solar Sunshot program, in which ARENA calls for applications for funding from Applicants in accordance with the requirements of the Program Guidelines and Funding Announcement.

Round Funding Allocation – the total funding allocated for Round 1A.

Round Objective – the aim of the Funding Round as described in Part 1 of this Funding Announcement.

Term Sheet – the proposed material terms and conditions of a Funding Agreement relating to Production Credits.

Total Funding Allocation – the total funding allocated for the Program.



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