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Solar Sunshot Funding Announcement – Round 3



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 3

The Solar Sunshot Program (**Program**) seeks to support the commercialisation of Australian solar photovoltaic (**PV**) innovations and to enhance solar PV supply chains in Australia. ARENA published the Guidelines for the Program on 31 August 2024.

This Funding Announcement for Funding Round 3 of the Program sets out the process for Applicants to seek funding under Funding Round 3 of the Program. 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 this Funding Announcement, Applicants should also refer to the Program's [Frequently Asked Questions](#) and any additional documentation published on the [Program webpage](#) as updated from time to time.

The design of the 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. ARENA also recognises the significant contribution that Australian innovation has and will continue to make to this industry, as well as 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 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; and
- enhance resilience in the solar PV supply chain.

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

1 Round Objective and Outcomes

- 1.1 The objective of Round 3 is to fund Projects that support the Program Objectives by contributing to the following outcomes:
- Accelerate the manufacture, development and scale-up of advanced solar deployment technologies.
 - Build a local workforce capability that support ARENA's Ultra Low-Cost Solar vision through manufacturing, developing and deploying advanced solar deployment technologies.
 - Reduce reliance on global supply chains to support scale up of domestic solar PV deployment.
 - Support innovative commercial models that can reduce solar PV deployment costs.
 - Demonstrate the shared benefits of advanced solar deployment technology and approaches, including to local communities and the broader solar PV sector.

2 Funding Allocation

- 2.1 The Round Funding Allocation for Round 3 is up to \$250 million. ARENA reserves the right to allocate an amount of funding that is lower or higher than the Round Funding Allocation if it considers such courses to represent value for money.
- 2.2 Funding provided by ARENA under Round 3 will be in the form of a grant, which may include Capital Grants and/or Production Credits. For further detail on Productions Credits, see Appendix C (Production Credits and Calculation).
- 2.3 The Applicant is to specify the financial value of any Funding Request in its Application. Principles for sizing of Production Credits are set out in Appendix C. ARENA will provide the minimum amount of funding required to allow the Project to proceed.

3 Scope Requirements

- 3.1 Round 3 is open to Projects that align with the Round Objective and Program Objectives. Each Project must have commercial-scale manufacturing as its core activity. Development and

deployment of solar PV technologies are eligible only to the extent they support that manufacturing activity.

3.2 ARENA expects that Applications under Round 3 will conform to the following Scope Requirements:

- a. Applications will involve the commercial-scale manufacture of solar PV technologies of at least Technology Readiness Level (TRL) 8 and Commercial Readiness Index (CRI) 3 at the time manufacturing commences.¹
- b. Technologies may include:
 - ii. Solar PV racking and tracking
 - iii. Solar PV deployment technologies, including robotics, advanced automation and prefabrication.
 - iv. Other components that can reduce the cost to construct and operate a solar PV facility.

3.3 Technologies and Projects that will not be supported under Round 3 include (but are not limited to):

- a. manufacture of solar PV modules and cells;
- b. ingots and wafer production;
- c. polysilicon production;
- d. any other upstream activities relating to ingots, wafers or polysilicon;
- e. solar thermal technology;
- f. pilot scale manufacturing or the development of emerging technologies;
- g. solar PV testing facilities;
- h. recycling or end-of-life activities; and
- i. feasibility studies and front-end engineering and design (FEED) work.

3.4 Projects within the scope of Round 3 will involve manufacturing capacity however, the Project may make use of existing land, buildings and infrastructure. Where an existing facility is expanded,

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

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.

- 3.5 The aggregate Funding Request for a single Project is expected to be in the range of \$2 million - \$40 million and may consist of a combination of Capital Grants and Production Credits. ARENA may accept Funding Requests outside this range, in its sole discretion.
- 3.6 ARENA may adjust or clarify these requirements at its discretion.

4 Eligibility Criteria

- 4.1 All of the following 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 The Project meets all Scope Requirements; and
- 4.4 Applicants must demonstrate to the satisfaction of ARENA that the Project will primarily take place in Australia.

Eligibility Criterion C – Knowledge Sharing

- 4.5 As set out in section 3.14 – 3.16 (Knowledge Sharing and Publication of Project Information) of the Guidelines.
- 4.6 Ensure Applicants and any Project Partners must commit to deploy resources to produce high-quality knowledge sharing products and ensure that the Project results in skills and knowledge transfer consistent with the Objectives of the Program.

Eligibility Criterion D – Warrants and Compliance

- 4.7 As set out in sections 4.16 – 4.23 (*Warrants and Compliance*) of the Guidelines.

5 Merit Criteria

- 5.1 Should ARENA assess an Application as satisfying the Eligibility Criteria, ARENA will then assess it 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 Part 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 criterion assesses how well the Project contributes to the Round Objective and meets the Scope Requirements.
- 5.5 Applicants can demonstrate merit by making evident how the Project will:
- a. reduce reliance on global supply chains to support scale up of domestic solar PV deployment;
 - b. support innovative approaches that can reduce solar PV deployment costs;
 - c. support the development of a resilient and integrated solar PV supply chain (including by creating opportunities to integrate elements of the supply chain and leveraging innovation from research to deployment);
 - d. support innovation and use of advanced automation in solar PV component manufacturing (including in relation to existing techniques, inputs, deployment technologies and products), with consideration given to how projects can support the development and commercialisation of Australia innovation and intellectual property;
 - e. reduce barriers (technical, regulatory, commercial, and social) to provide replicable, scalable models for solar PV manufacturing; and
 - f. develop pathways to enable cost reductions in the deployment and operation of solar PV (including pathway to commercialisation), having regard to long term economic, social, and environmental sustainability and the Community Benefit Principles.

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; and
 - ii. the nature and status of any agreements with, and 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, including project design documents and drawings;
 - d. land and/or facility access information;
 - e. development information, including approvals, consent, licensing, permitting, and regulatory processes required to undertake the Project;
 - f. the Project delivery timeline;
 - g. procurement information, including management of equipment supply chain and the proposed sources and suppliers of key components;
 - h. the Risk Management Plan (including the extent to which the requirements outlined at section A.9 of Appendix A (**Application Information Requirements**) have been addressed) and the extent to which key risks have been identified and mitigated;
 - i. 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 section A.10 of **Appendix A (Application Information Requirements)** for details expected within a Full Application);
 - j. compliance with the terms of the Template Funding Agreement or Term Sheet (as applicable); and
 - k. 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; and
 - c. whether the amount of ARENA funding and the total cost of the Project 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. the reasonableness of proposed returns to Project shareholders;
- e. value for money, which may include (but is not limited to) the Funding Request:
 - i. as a function of expected production;
 - ii. as a function of production capacity;
 - iii. as a percentage of Project costs; and
- f. inclusion of an appropriate knowledge sharing budget

6 Application and Assessment Process

- 6.1 Part 6 outlines the high-level application and assessment process, including guidance and expectations for each stage of the application process. Applicants should read this Part 6 and Part 2 of the Guidelines (**Application and Assessment Process**) in full, prior to submitting an Application. The Guidelines will prevail to the extent of any inconsistency with this Funding Announcement.
- 6.2 The assessment process under Round 3 will typically involve two stages:
 - a. an Expression of Interest (**EOI**); and
 - b. a Full Application.
- 6.3 Eligibility and merit will be assessed in accordance with the relevant criterion at both stages.
- 6.4 Pursuant to section 2.14 of the Guidelines, ARENA clarifies that for this Round 3, and at any time during the application and assessment process, ARENA may undertake reputational due diligence on an Applicant (and/or key persons or related entities of the Applicant) to assess any reputational and transactional risk that may arise from ARENA's provision of funding to the Applicant and/or involvement in the Project. ARENA reserves the right to take actions to manage any such reputational risk findings in its sole discretion, which includes (but is not limited to), requesting

further information from the Applicant, imposing conditions of funding to manage such risks (pursuant to the Funding Agreement or otherwise) and declining to provide funding to an Applicant.

Expression of Interest

- 6.5 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 Guidelines and this Funding Announcement.
- 6.6 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 at any time up to the Full Application Submission Date.
- 6.7 EOIs must include the specified information outlined in sections **A.1 – A.5 of Appendix A (Application Information Requirements)**, unless any of the requirements have been waived by ARENA. If the required information is not submitted in the format specified on ARENANet or the Program webpage, ARENA may request additional details or decline to assess the EOI.
- 6.8 ARENA may, in its sole discretion, waive the EOI, including where:
 - 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

- 6.9 Only Applicants who have been invited by ARENA may submit a Full Application, up to the Full Application Submission Due Date.
- 6.10 Full Applications must include the information outlined in sections **A.6 – A.14 of Appendix A (Application Information Requirements)** unless any of the requirements have been waived by ARENA. If the required information is not submitted in the format specified on ARENANet or the [Program webpage](#), ARENA may request additional details or decline to assess the Full Application.

Submitting an Application

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

Assessment Process

- 6.14 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 (Eligibility Criteria) of this Funding

Announcement. Applications that do not meet all Eligibility Criteria will be considered ineligible and will not be assessed further.

- 6.15 Eligible applications will be assessed against the Merit Criteria set out in Part 5 (Merit Criteria) of this Funding Announcement.
- 6.16 ARENA may decline to assess those Applications it considers to be of obvious low merit against one or more Merit Criteria. Such Applications will not proceed to assessment by ARENA or (where applicable) the ARENA Advisory Panel, and will be excluded from further consideration.
- 6.17 ARENA will not utilise a Ranked Process, as set out in sections 2.25 to 2.26 of the Guidelines, for Round 3.
- 6.18 ARENA may at any time during the application and assessment process undertake the activities outlined in section 2.13 of the Guidelines.
- 6.19 Following assessment, ARENA may decide to make an offer of funding in accordance with sections 2.15 to 2.17 of the Guidelines.

Portfolio Approach

- 6.20 ARENA reserves the right to apply a portfolio approach when offering funding under Round 3, as set out in sections 2.18 to 2.19 of the Guidelines.

Collaboration

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

Due Diligence

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

Climate Performance

6.23 Climate performance requirements as set out in section 2.27 to 2.30 of the Guidelines continue to apply under Round 3.

7 Funding Agreements

Funding Offers

7.1 As set out below (which builds on sections 3.1-3.7 of the Guidelines):

- a. All Offers to Negotiate and payment of funds under Round 3 are conditional upon the execution of a Funding Agreement with ARENA.
- b. ARENA reserves the right to withdraw or amend its Offer to Negotiate during the negotiation process.
- c. The Offer to Negotiate will include details of the negotiation process and ARENA may include conditions to the offer of funding.
- d. Applicants must ensure that Offers to Negotiate are kept confidential until the execution of the Funding Agreement by both the Applicant and ARENA.
- e. ARENA's prior written consent is required for any public statements by the Applicant relating to the Application, or the proposed Project from the date the Application is received, until execution of the Funding Agreement by both parties, or termination of negotiations.
- f. ARENA may withdraw its Offer to Negotiate, including where an Applicant does not comply with items 7.1(iv) or 7.1(v) above.
- g. During Funding Agreement negotiations, ARENA may agree with the Applicant to make minor changes to the Project to improve the overall outcomes.

Funding Agreement

7.2 As set out in sections 3.8 to 3.10 of the Guidelines.

7.3 The following template documents will be available on the Program webpage and apply to Applicants as follows:

- a. For Funding Requests in the form of Capital Grants, the Template Funding Agreement.
- b. For Funding Requests in the form of Production Credits (and Capital Grants, where applicable), the Term Sheet.
- c. For Applicants seeking both a Capital Grant and Production Credit for a Project, ARENA will prepare a Funding Agreement for successful Applicants that may include elements of both the Template Funding Agreement and Term Sheet, as relevant to the Project.

Use of Funding

- 7.4 As set out in sections 3.11 to 3.13 of the Guidelines.
- 7.5 Funding from ARENA must be used only for approved expenditure on the Project:
- a. for Capital Grants, details are set out in **Appendix B (Eligible Expenditure)**
 - b. for Production Credits, details are set out in **Appendix C (Production Credits and Calculation)**.

Knowledge Sharing and Publication of Study Information

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

8 Key Dates

- 8.1 The EOI Submission Date and Full Application Submission Dates are listed on the Program webpage.
- 8.2 Other than in exceptional circumstances as determined by ARENA, ARENA will not accept a Full Application submitted after the Full Application Submission Date.

Appendix A – Application Information Requirements

Applications should include the following information at the respective stages set out below.

Expression of Interest

- A.1 **A Project Plan** (no more than 50 pages) that should include:
- A.1.1 summary of the Project including description, size, and proposed location;
 - A.1.2 description of land access status and pathway to finalisation;
 - A.1.3 an overview of the proposed design of the production facility, including equipment, layouts, and process flow diagrams;
 - A.1.4 details of any plans to develop, support or coordinate with related solar PV manufacturing activities;
 - A.1.5 details of personnel resourcing, roles and responsibilities, and recruitment;
 - A.1.6 an outline of the key Project Partners;
 - A.1.7 details of any completed feasibility and FEED studies (and copies of such, if available), as well as timelines to completion for studies that are underway;
 - A.1.8 an outline of the Project's proposed financing structure and pathway to Financial Close;
 - A.1.9 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;
 - A.1.10 a Project budget, including evidence of all major cost assumptions to a confidence interval of at least +/-30%, and proposed funding milestones;
 - A.1.11 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;
 - A.1.12 a timetable for the Project, including key milestones, target Financial Close date, and target date of first production from the Project;
 - A.1.13 identification of key Project risks, and proposed mitigation of these risks;
 - A.1.14 details of the Project's approach to community engagement and social license, including identification of stakeholders, engagement activities, and any proposed community benefits;
 - A.1.15 overview of proposed power supply arrangements, including extent to which production will be powered by renewable energy.
 - A.1.16 overview of any proposed use of local supply chains, or other information that evidences the Project's contribution to supply chain resilience;
 - A.1.17 a simple outline (no more than one paragraph) of the estimated jobs maintained and created through the construction and operational period of the Project; and
- A.2 **a Financial Model** that should include (at a minimum):
- A.2.1 ability to sensitise the model to view the equity and Project internal rate of return (IRR) (pre- and post-tax) with and without ARENA (and other concessional) funding;
 - A.2.2 all assumptions clearly labelled and dynamically linked to Financial Model outputs;
 - A.2.3 estimates of capital and operating costs and revenues for the Project with a breakdown of cost/revenue categories;
- A.3 a completed template **budget sources and uses** table;
- A.4 any **letters of support**;
- A.5 A **Conflict of Interest declaration**; and
- A.6 list of **any further documents** available for due diligence.

Full Application

- A.7 **A detailed Project Plan** (no page limit) that should include (at a minimum):
- A.7.1 summary of the Project including description, size, and proposed location;
 - A.7.2 confirmation that all required land access rights have been secured, or where relevant conditions attached to securing any access rights;
 - A.7.3 the proposed design of the production facility, including equipment, layouts, and process flow diagrams;

- A.7.4 details of any plans to develop, support or coordinate with related solar PV manufacturing activities, including the status of any agreements;
- A.7.5 an outline of the key Project Partners, including status and evidence of commercial agreements;
- A.7.6 detailed Production Credit information, in accordance with **Appendix C (Production Credits and Calculation)** (if applicable);
- A.7.7 details of the Project's proposed financing structure including evidence of the proposed sources of funds, and pathway to Financial Close (to include detailed term sheet(s) for any equity and/or debt funding, including any conditions);
- A.7.8 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) (Applicants should provide details on the expected achievable market price of the production from the Project and evidence to support assumptions);
- A.7.9 a Project budget, including evidence of all major cost assumptions and proposed ARENA funding milestones;
- A.7.10 details on how the Applicant will manage contingency costs and cost overruns;
- A.7.11 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;
- A.7.12 a timetable for the Project, including key milestones, target Financial Close date, and target date of first production from the Project facility;
- A.7.13 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;
- A.7.14 detail of any proposed use of local supply chains, or other information that evidences the Project's contribution to supply chain resilience; and
- A.7.15 responses to any EOI feedback including how it has been addressed;
- A.8 a **dynamic Financial Model** that should include (at a minimum):
 - A.8.1 a clear presentation of the Funding Request, including linkage of any Production Credits with projected production levels;
 - A.8.2 ability to sensitise the model to view the equity and Project IRR (pre- and post-tax) with and without ARENA (and other concessional) funding;
 - A.8.3 all assumptions and scenarios, ensuring they are clearly labelled and dynamically linked to Financial Model outputs;
 - A.8.4 calculation of capital and operating costs and revenues for the Project, with a breakdown of cost/revenue categories; and
 - A.8.5 evidence for assumptions and inputs, including third-party information, where applicable (ARENA will treat all submission materials as commercial-in-confidence);
- A.9 a completed template **budget sources and uses** table;
- A.10 a detailed **Risk Management Plan** that should include (at a minimum):
 - A.10.1 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 (including risks to community and environment);
 - A.10.2 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;
 - A.10.3 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.11 a **Community Engagement and Benefit Plan** (5 to 10 pages expected) that should include (at a minimum):

- A.11.1 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;
- A.11.2 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);
- A.11.3 details of proposed approach to benefit sharing with stakeholder communities;
- A.11.4 details of how the Project aligns with applicable regional transition plans, priorities and pathways;
- A.11.5 process for maintaining an up-to-date record of complaints arising from community engagement and the responses provided to these complaints;
- A.11.6 a process for regularly monitoring and updating the Community Engagement and Benefit Plans and reporting to the Recipient's internal management, Board, Project Partners, and other key groups to ensure the on-going improvement of community engagement;
- A.12 a completed **Funding Agreement or Term Sheet Compliance Table** (as relevant to the Project), outlining proposed departures to the standard terms and conditions in the Template Funding Agreement or Term Sheet;
- A.13 any **letters of support**;
- A.14 a **Conflict of Interest declaration**; and
- A.15 a 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 3 and applies to a Project budget submitted with an EOI or Full Application (and any subsequent expenditure requirements pursuant to a 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:
 - B.2.1 explain the underlying assumptions and the basis for calculation of expenditure items;
 - B.2.2 indicate where quotations and contracts are in place; and
 - B.2.3 provide any evidence to support the Applicant's expenditure calculations.
- 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.
- B.4 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's attention. ARENA's determination on the eligibility of expenditure will be final.
- B.5 The Eligible Expenditure requirements do not apply to Production Credits.

General Principles

- B.6 The following general principles apply in the consideration of Eligible Expenditure:
 - B.6.1 Eligible Expenditure is expenditure related directly to the undertaking of the Project; and is calculated net of GST.
 - B.6.2 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.
 - B.6.3 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).
 - B.6.4 Expenditure that is undertaken prior to execution of a Funding Agreement may be eligible if ARENA grants it by way of prior written approval.
 - B.6.5 Opportunity costs are not Eligible Expenditure.
 - B.6.6 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.
 - B.6.7 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.7 The following is Eligible Expenditure:
 - B.7.1 Contract expenditure to support the Project for the Recipient by another organisation, so long as the corresponding work is substantiated with a written contract (which may include 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.7.1.1 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 provide evidence such as written quotes from suppliers to substantiate the expenditure included in the Application budget.
- B.7.1.2 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.
- B.7.2 Labour expenditure such as salaries, wages, and reasonable on-costs for personnel employed directly on the Project:
 - B.7.2.1 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.
 - B.7.2.2 Eligible salary includes any components of the employee's total remuneration package that are itemised on their PAYG annual payment summaries submitted to the ATO.
 - B.7.2.3 Recipients must provide evidence of time attributed to labour expenditure under the Funding Agreement, which may include timesheets, job cards or diaries.
- B.7.3 Expenditure incurred prior to the execution of the Funding Agreement, subject to ARENA written approval:
 - B.7.3.1 ARENA reserves the right to approve expenditure incurred after ARENA has made a funding offer, but before a Funding Agreement has been executed.
 - B.7.3.2 Requests must be submitted in writing subsequent to ARENA making an offer of funding.
 - B.7.3.3 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.
- B.7.4 Administrative expenses including expenses incurred on communications, accommodation, computing facilities, travel, recruitment, printing and stationery, where such expenses are related directly to the Project.
- B.7.5 Equipment including expenditure for equipment or plant installed for the Project at the full delivered cost of the equipment or 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.
- B.7.6 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.
- B.7.7 Expenditure on legal, audit and accounting costs related directly to the Project.
- B.7.8 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.
- B.7.9 Expenditure such as relevant licence fees or intellectual property purchase costs, where the Recipient needs to access specific technology to undertake the Project.
- B.7.10 Expenditure related directly to obtaining government approvals to undertake the Project.
- B.8 Expenditure that does not fall under Eligible Expenditure can be included in the Project budget as ineligible expenditure, but 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.9 For the avoidance of doubt, expenditure that is not Eligible Expenditure includes, but is not limited to:
 - B.9.1 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 (including 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.9.2 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;
- B.9.3 interest on loans for new and pre-existing capital items used for the Project;
- B.9.4 expenditure on the acquisition of land for a Project;
- B.9.5 sales or promotional activities that do not support directly the successful completion of the Project;
- B.9.6 membership fees;
- B.9.7 donations; and
- B.9.8 expenditure that does not directly support the successful completion of the Project.

Accounting Systems

- B.10 Recipients are required to have in place suitable accounting systems and to provide to ARENA assurances that the accounting systems allow for the separate and accurate identification of contributions and Eligible Expenditure on the Project.
- B.11 A clear audit trail of all Project funding contributions and Eligible Expenditure to be available upon request and as required to meet the requirements of the Funding Agreement.

Appendix C – Production Credits and Calculation

Production Credit Structure and Calculation

- C.1 Grant funding under Round 3 may be paid in the form of a Production Credit. Production Credit funding will be paid per unit of eligible 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.

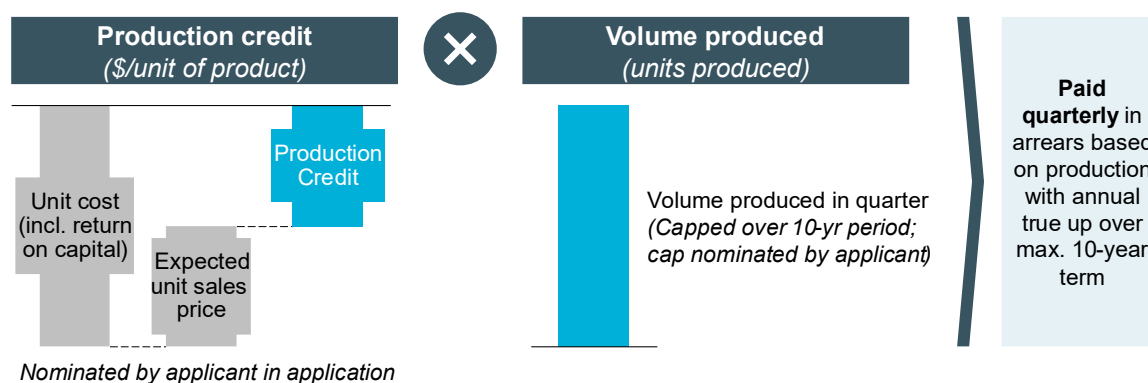


Figure 1 – Structure of Production Credit

- 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 (\$/unit)	The forecast production cost of input components, presented with and without a margin.
Total production credit support required (\$/unit)	The total of the maximum Production Credit support being requested across the Funding Period.
Production Credit annual profile (\$/unit)	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) (%)	The required return (pre- and post-tax equity IRR and Project IRR), as facilitated by the requested Production Credit. This 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 Volume.
Forecast Annual Production Volume (units)	Forecast Annual Production Volume for each year of the Funding Period. The sum of the Forecast Annual Production Volumes 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.

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 would 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 and Production Credit re-sizing	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 and/or agree to rights for ARENA to reduce the quantum of the Production Credit where Project economics materially change. This is anticipated to capture situations where the funded Project no longer requires concessional funding support as originally anticipated, due to market changes or otherwise. The thresholds and calculation of amounts eligible to be repaid or resized 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

Applicants should refer to the Guidelines for the full Glossary. Repeated terms have been provided here for ease of reference only. In the event of any inconsistency between the Guidelines and this Funding Announcement, the Guidelines will prevail to the extent of the inconsistency.

ABN – Australian Business Number.

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

Application - an application to ARENA for funding of a Project under Round 3.

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.

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 3. 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.

Community Benefit Principles – as part of the Future Made in Australia policy agenda, the Government has established the 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 Act 2024 (Cth).

CRI - Commercial Readiness Index.

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

Eligible Expenditure – as set out in **Appendix B (Eligible Expenditure)**.

EOI Submission Date – the date by which required Application materials for an EOI under Round 3 must be submitted to ARENA as specified on the Program webpage.

Expression of Interest or EOI – an expression of interest or first stage Application document submitted to ARENA pursuant to parts 6.3 to 6.6 of this Funding Announcement, and in accordance with sections A.1 – A.5 of **Appendix A (Application Information Requirements)**.

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

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

FEED – front-end engineering and design.

Financial Close – the date on 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 – a second stage Application document submitted to ARENA pursuant to parts 6.7 and 6.8 of this Funding Announcement and in accordance with sections A.6 – A.14 of **Appendix A (Application Information Requirements)**.

Full Application Submission Date – the date by which all required Application materials for a Full Application under Round 3 must be submitted to ARENA as specified on the Program webpage.

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

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

Funding Period – the period of time over which the Production Credit is paid to a Recipient under the Program. This term is specific to Production Credit grants and has no application with respect 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 (as applicable).

Guidelines – the guidelines for the Program.

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 (Merit Criteria) of this Funding Announcement and used to assess the overall quality and value of a Project.

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 and Calculation)**. Production Credits are subject to normal taxation treatment as income and no special taxation arrangements will apply to Production Credits under Round 3.

Program – the Solar Sunshot Program.

Program Objectives – the aims of the Program as described in items 1.7 and 1.8 of these Guidelines.

Project – the project proposed to be delivered by an Applicant, as set out in the Application. Eligible Projects are defined in Part 4 (Eligibility Criteria) 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 – the document that summarises the details of the Project and including the content set out at **Appendix A (Application Information Requirements)** at each of the EOI and Full Application (as applicable).

PV – photovoltaic.

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

Risk Management Plan – a risk management plan that contains the information outlined at section A.9 of

Round 3 – the Funding Round under the Program, in which ARENA calls for applications for ARENA grant funding from Applicants in accordance with the requirements of the Guidelines and this Funding Announcement.

Round Funding Allocation – the total funding allocated for Round 3, as set out at section 2.1 of this Funding Announcement.

Round Objective – the aims of the Funding Round as described in Part 1 (Round Objective and

Outcomes) of this Funding Announcement.

Scope Requirements – the requirements a Project should meet to align with expectations of a Funding Round. Such requirements could include technology type and whether the technology achieves a minimum or maximum technology readiness level, Project scale or type, location, Project staging etc. Also outlined in Part 3 (Scope Requirements) of this Funding Announcement.

Template Funding Agreement – the template terms and conditions of a Funding Agreement relating to Capital Grants.

Term Sheet – the proposed material terms and conditions of a Funding Agreement relating to Production Credits (and Capital Grants, where applicable).

TRL - Technology Readiness Level.

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