



Energy Innovation Fund

Program Guidelines

Acknowledgment

We acknowledge and respect Victorian Traditional Owners as the original custodians of Victoria's land and waters, their unique ability to care for Country and deep spiritual connection to it. We honour Elders past and present whose knowledge and wisdom has ensured the continuation of culture and traditional practices.

We are committed to genuinely partner, and meaningfully engage, with Victoria's Traditional Owners and Aboriginal communities to support the protection of Country, the maintenance of spiritual and cultural practices and their broader aspirations in the 21st century and beyond.



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Contents

Glossary	iii
1. The Energy Innovation Fund	6
1.1 Victoria's energy system	6
1.2 The Energy Innovation Fund	6
1.2.1 Fund rounds	7
1.3 Purpose of this document	7
2. Objectives.....	8
3. Who can apply?	8
3.1 Eligibility criteria.....	8
3.1.1 Applicant Eligibility.....	8
3.1.2 Eligible Project	9
4. What will be funded?	11
4.1 General principles	11
4.2 Eligible Expenditure	11
4.3 Ineligible expenditure.....	12
5. How will Projects be assessed?	13
5.1 Process overview	13
5.2 Merit criteria	15
5.3 Supporting documentation.....	16
6. How and when to apply?	17
6.1 Application process and key timing	17
6.2 Applicant questions	17
6.3 Funding.....	17
6.4 Due diligence	17
6.5 Final decision.....	18
6.5.1 Other matters.....	18
7. Funding conditions.....	19
7.1 Funding Agreement.....	19
7.2 Funding offers.....	19
7.3 Use of funding.....	19
7.4 Project monitoring and delivery.....	19
7.5 How will the Department share knowledge and publish information?	19
7.6 Acknowledgement	20
7.7 Cost.....	20
7.8 Probity for application procedures.....	20
7.9 Work health and safety	20

8. Contacts and further information	22
8.1 Commencement and authority for the guidelines.....	22
8.2 Limitations.....	22
8.2.1 No representation, warranty or guarantee	22
8.2.2 No obligation to update	22
8.2.3 No liability	22
8.2.4 Other limitations.....	22
8.3 Confidentiality and disclosure of information	22
8.4 Complaints	23
8.5 Conflicts of interest	23
8.6 Fund evaluation	23
8.7 No contract or liability	23
8.8 Further information	24
Appendix A Technology and commercial readiness.....	1
Technology and commercial readiness	1

List of figures

Figure 1: High-level Fund application and assessment process	14
Figure 2: Technology and Commercial Readiness	1

Glossary

ABN	Australian Business Number.
AEMO	Australian Energy Market Operator.
Applicant	An entity referred to in this document that applies for grant funding under the Energy Innovation Fund.
Application	Submission of an application for funding under the Energy Innovation Fund.
Application form	Documents issued under the Energy Innovation Fund to Applicants.
ARENA	Australian Renewable Energy Agency.
BESS	Battery Energy Storage System.
Co-fund	Financial support of a successful Project under the Fund provided by the Department and a private sector entity or entities.
Commercial-in-confidence information	Any information that discloses Applicant's financing arrangements, cost structure, profit margins or full financial model; intellectual property for which Applicants have an interest; any matter the disclosure of which would place Applicants at a substantial commercial disadvantage.
Commercial Readiness Index (CRI) 2 to 5	The technology and/or business case for a Project that has been tested commercially in some setting (small or large scale) and it is not yet considered as a bankable or a mature commercial technology. See Appendix A for further details.
Conflict of interest	A situation where a person decides or exercises a power in a way that may be, or may be perceived to be, influenced by either material personal interests (financial or non-financial) or material personal associations.
Corporations Act	Corporations Act 2001 (Cth.)
Department	The Victorian Government department which has the responsibility for the administration of the fund, which at the time of publishing of these guidelines is the Victorian Department of Environment, Land, Water and Planning.
Department Parties	The Department and its employees, agents and officers.
EIF	Energy Innovation Fund.
Eligible application	An application under the Fund that the Department has determined is eligible for merit assessment in accordance with this document.
Eligibility criteria	The eligibility criteria set out in Section 3.1.
Eligible Expenditure	Expenditure of the kind defined as eligible in Section 4.2.
Emerging technology	Energy technologies that can achieve a Technology Readiness Level (TRL) of 9 and a Commercial Readiness Index (CRI) of 2 to 5. See Appendix A for further details.
FAQ	Frequently Asked Questions.

Financial close	The point at which a Project has signed financing agreements and all the required conditions contained in them have been met.
Fund	The Victorian Energy Innovation Fund described in these guidelines.
Fund Materials	Any materials released by the Department associated with the Fund
Fund Objectives	The Fund Objectives set out in Section 2.
Funding Agreement	An agreement between the Department and a recipient, under which funding is provided to the recipient.
Guidelines	This approved framework for the operation and administration of the fund. This document may be amended and updated from time to time, including as needed to ensure it remains current and accurate.
Joint funder	A non-private sector party, such as ARENA, who provides financial support to a Project that the Department also provides financial support to under the Energy Innovation Fund.
Joint funding	Financial support of a Project under the Fund by the Department and a non-private sector party such as ARENA.
Knowledge Sharing Plan	Definition provided in Section 7.5 of these guidelines.
Merit criteria	The merit criteria set out in Section 5.2.
Minister	The Minister with responsibility for the Energy Innovation Fund, which at the time of publishing for these guidelines is the Victorian Minister for Energy, Environment and Climate Change.
MLF	Marginal Lost Factor.
MW	Mega-watt.
NEM	National Electricity Market.
Network	Unless stated otherwise, the electricity system operated by the relevant network service provider for the Project. This may be either a distribution network service provider or a transmission network service provider.
Opportunity costs	Any benefits or production lost due to the allocation of resources to the Project ahead of any other possible activities by the Recipient.
Plant	Includes all Project equipment involved in generating, utilising, storing or transmitting electrical energy.
Project	A project described in an application for funding under the Energy Innovation Fund.
Project capacity	Nominal MW rating of the limiting factor across a Project's technical capability, network connection agreement and Applicant-indicated operational intentions, for either electricity export to the network.
Recipient	An Applicant or other person that has been offered funding under the Energy Innovation Fund and has entered into a Funding Agreement with the Department.

System reliability	The ability of the electricity system to supply adequate power to satisfy consumer demand, allowing for credible generation and transmission network contingencies.
System security	The safe scheduling, operation and control of the power system on a continuous basis in accordance with the principles set out in clause 4.2.6 of the National Electricity Rules.
Technology Readiness Level (TRL) 9	The full-scale technology to be employed in a Project must have been previously operated across all expected operating conditions. This means the technology must have progressed past all initial commissioning, demonstration, and prototype stages. See Appendix A for further details.
VCFA	Victorian Common Funding Agreement.
VRET	Victorian Renewable Energy Target.

1. The Energy Innovation Fund

The Energy Innovation Fund aims to support the commercialisation of emerging, innovative and transformational renewable energy technologies and projects.

1.1 Victoria's energy system

Victoria's energy sector is undergoing a significant transformation. Existing thermal generation is retiring and is being replaced with cleaner, lower-cost renewable energy. While the transition of the energy sector towards a more sustainable future offers exciting potential for new industries and innovation, government investment is needed to accelerate the development of large-scale technologies that are only expected to become commercially viable post 2025. It is the adoption of these large-scale technologies over the long term that will drive the achievement of Victoria's energy transition targets.

Victoria has a demonstrated track record accelerating the transition to a clean energy economy through several leading policies and programs. This includes a legislated renewable energy target of 50% by 2030 and net-zero emissions target by 2050, the successful delivery of the first Victorian Renewable Energy Target (VRET) auction in 2017, the Renewable Certificate Purchasing Initiative, Bulgana Green Power Hub and the Energy Storage Initiative.¹

Investing in large-scale renewable energy presents a double dividend opportunity to deliver economic stimulus through cheaper electricity at globally competitive prices, while bringing cleaner, more reliable and more affordable energy into the State.

As the Victorian Government looks ahead to meeting the challenges of net-zero emissions by 2050, new investment, new ideas and new ways of delivering low cost, reliable, and sustainable energy for Victorian industries, businesses and the community are welcomed.

1.2 The Energy Innovation Fund

The Victorian Government has developed the Energy Innovation Fund (EIF or the Fund) to support the commercialisation of innovative, emerging renewable energy technologies in Victoria required to meet the net-zero emissions by 2050 target. The Fund aims to position Victoria at the forefront of the energy transition, attracting investment and first mover-advantages by:



Supporting emerging energy technologies to transition from pre-commercial to commercially viable energy options;



Providing funds to fast track the development and deployment of projects in priority energy subsectors; and



Targeting sectors that are not commercially competitive today but anticipated to play a critical role in supporting Victoria's energy transition post-2025.

¹ Renewable Energy (Jobs and Investment) Amendment Bill 2019, <https://www.legislation.vic.gov.au/bills/renewable-energy-jobs-and-investment-amendment-bill-2019>; Victorian Renewable Energy Auction Scheme, <https://www.energy.vic.gov.au/renewable-energy/victorian-renewable-energy-auction-scheme>; Government renewable energy purchasing, <https://www.energy.vic.gov.au/renewable-energy/victorias-renewable-energy-roadmap/government-renewable-energy-purchasing>; Bulgana Green Power Hub, <https://www.energy.vic.gov.au/renewable-energy/bulgana-green-power-hub>; Energy Storage Initiative, <https://www.energy.vic.gov.au/batteries-and-energy-storage>

The Fund will bring intellectual property, innovation, local economic development and environmental benefits to the State, local businesses and communities. These are achieved through supporting activities that progress innovative projects in their commercialisation continuum including feasibility/pre-investment studies, front-end-engineering-design, large scale pilots and demonstrations.

1.2.1 Fund rounds

The Fund will be delivered in multiple rounds, with Round 1 applications and Round 2 pre-applications opening in January 2021 (refer to Section 5). Round 2 applications are anticipated to open in August 2021.

Round 1 – Offshore wind focus

Offshore wind has experienced significant global growth over the last decade due to technology advances and declining costs, establishing an important role for this sector in the global energy transition and pathway towards net zero emissions.

Victoria benefits from rich offshore wind resources, and there is significant interest in the strategic potential of offshore wind for the Victorian market.

The Victorian Department of Environment, Land, Water and Planning (the Department) has commissioned work to explore the potential barriers, costs and benefits associated with developing the offshore wind sector in Victoria.

In light of the current development status of the industry and the Commonwealth Government's anticipated publication of a legislative framework for the offshore wind sector in mid-2021, Round 1 of the EIF will be dedicated to offshore wind to complement the State's activities to understand the sector's potential contribution to the future energy system.

With the exception of extenuating circumstances, the Department strongly encourages all potential offshore wind based applications to participate in Round 1. At the Department's sole discretion, a selection of Round 1 applicants may be asked to re-submit in Round 2.

Round 1 will be delivered in an accelerated, single-stage process. Timing for Round 1 is detailed in Section 6.1.

Round 2 – Emerging energy technologies

Large-scale energy transformation in Victoria requires a diverse mix of emerging energy technologies, some of which are yet to become commercially viable on their own. To support the continued development in this sector, Round 2 will be open to any renewable energy technology that satisfies the eligibility criteria detailed in Section 3.1.

To enable the Department to provide pre-application guidance and interaction, Round 2 will be delivered via a two-stage process. Timing for Round 2 is detailed in Section 6.1.

Future Rounds

Subject to funding availability and Government approvals, any future rounds will be announced as they are developed.

1.3 Purpose of this document

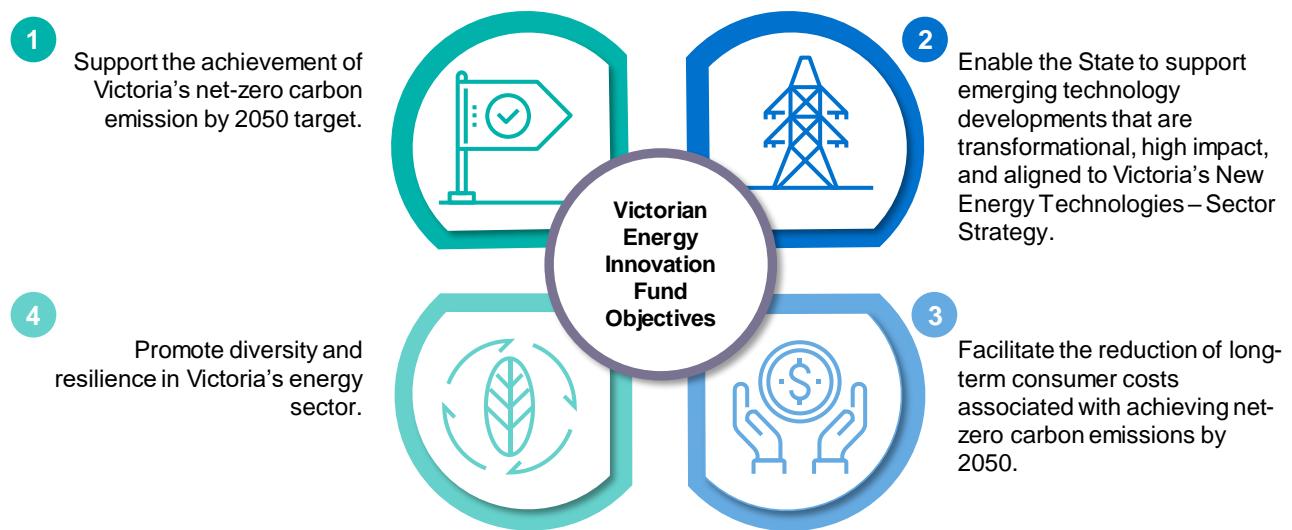
This document (the Program Guidelines):

- details the Fund Objectives;
- provides the framework for the operation and administration of the Fund;
- sets out the eligibility and merit criteria; and
- provides information about the opportunity for joint funding, how funding will be awarded, and where to find more information.

Definitions of key terms used in the Program Guidelines are provided in the Glossary. The Program Guidelines contain important information for organisations and individuals who are seeking funding under the EIF (Applicants) and should be read in conjunction with the Fund website, grant application form and any other Fund documentation.

2. Objectives

The objectives of the EIF (Fund Objectives) are shown below:



3. Who can apply?

An application must meet the eligibility criteria to be assessed against the merit criteria.

3.1 Eligibility criteria

An application must meet the Applicant and Project eligibility criteria.

3.1.1 Applicant Eligibility

Applicant organisations must satisfy the following criteria to be deemed eligible:

- hold an Australian Business Number (ABN);
- be:
 - a. an Australian entity duly incorporated under the Corporations Act 2001 (Cth.) and hold and comply with all necessary authorisations that are material to the conduct of the business of the Applicant; or
 - b. a Commonwealth entity under section 10 of the Public Governance, Performance and Accountability Act 2013 (Cth.); or
 - c. an Australian State or Territory owned body corporate, or a subsidiary of an Australian State or Territory owned body corporate; or
 - d. an Australian State or Territory local government or council.

In some limited circumstances a legal entity other than those listed above may, at the Department's discretion, be accepted as an eligible Applicant. Any other entity that wants to apply to the Fund should contact the Department prior to the lodgement of Applications. Foreign organisations who can comply with the Applicant eligibility requirements set out in this document may participate.

- not be subject to any insolvency event including the subject of an order or resolution for winding up or dissolution (other than for the purposes of reconstruction or amalgamation) or the appointment of a receiver, liquidator, administrator or similar;
- be the legal and beneficial owner of, or have all necessary rights to use, any intellectual property necessary to carry out the Project;

- acknowledge that the Applicant will be required to submit a Knowledge Sharing Plan and enter into an agreement with the Department to publicly share knowledge and information about, and resulting from, the Project described in the application (e.g. as part of the Funding Agreement);
- disclose any legal proceedings or investigation including, litigation, arbitration, mediation or conciliation that are taking place, pending or (to the best of the Applicant's knowledge, after having made proper enquiry) threatened against the Applicant or a related body corporate (as defined in the Corporations Act 2001 - Cth);
- disclose all Australian State, Territory and Commonwealth Government grants applied for in relation to the Project and the history of grant funding (including both successful and unsuccessful applications);
- materially comply with:
 - a. all obligations under employment contracts, industrial agreements and awards;
 - b. all codes of conduct and practice relevant to conditions of service and to the relations between the Applicant and the employees employed by the Applicant; and
 - c. all applicable Workplace Health and Safety legislation.
- hold all insurances required by law;
- not be named on the list of persons and entities on the Australian Department of Foreign Affairs and Trade sanctions list;² and
- not be named as an Applicant that hasn't complied with the Workplace Gender Equality Act 2012.³

If at the time of the application the Recipient is expected to be a different legal entity to the Applicant, the Applicant must specify that this is the case in its application and provide details of the expected Recipient.

Applicants should note that the funding Recipient (if different to the Applicant) must meet and comply with the eligibility criteria set out above. The Department will not be obliged to enter into a Funding Agreement with any person other than the proposed Recipient assessed by the Department at the time of application or an entity that is majority owned and controlled by the proposed Recipient assessed by the Department at the time of application.

Applicants must demonstrate that they and the proposal will remain financially viable throughout the life of the Project.

3.1.2 Eligible Project

Applicants must demonstrate to the satisfaction of the Department that they are planning to develop a renewable energy and/or storage Project that:

- is connected to the Victorian region of the National Electricity Market (NEM) (for electricity generation/storage Projects) or be located in Victoria and connect to the relevant Victorian utility network where necessary (for non-electricity generation/storage Projects);
- primarily involves activities that take place in Australia;⁴
- for electricity generation/storage Projects, is registered, or intends to register with the Australian Energy Market Operator (AEMO) under the scheduled/semi-scheduled category (typically this applies to generation facilities with a nameplate rating of at least 30MW);
- can demonstrate a contribution to Victoria achieving net zero emissions by 2050. Generation, green hydrogen or green gas projects must be based entirely on renewable resources;
- has a Technology Readiness Level (TRL) of 9, or a demonstrable pathway to reach TRL 9 by 2025, and
- a Commercial Readiness Index (CRI) of between 2-5 (refer to Appendix A).

² Australian Government, Department of Foreign Affairs and Trade Consolidated List, <https://www.dfat.gov.au/international-relations/security/sanctions/Pages/consolidated-list>

³ Australian Government, Workplace Gender Equality Agency, Non-compliant list, <https://www.wgea.gov.au/non-compliant-list>

⁴ Development expertise for emerging energy technologies that cannot be sourced in Australia are allowed to be sourced internationally, subject to expenditure eligibility.

Round 1 Project eligibility

As described in Section 1.2.1, Round 1 is focused on offshore wind projects. Therefore, an eligible Project for Round 1 must be based on the development of an electricity generation project using offshore wind technology.

Round 2 Project eligibility

Round 2 is technology neutral. Subject to the satisfaction of Applicant and Project eligibility, the Department anticipates that the following sources of renewables may be proposed:

- storage;
- waste-to-energy/bio-energy (entirely renewable resources required);
- green hydrogen;
- wind; and
- solar.

Project technologies are to be pre-commercial in the Victorian context, complying with the TRL and CRI requirements outlined above in this section.

4. What will be funded?

The EIF will only fund:

- expenditure deemed 'eligible' (Eligible Expenditure); and
- a maximum of 50% of Eligible Expenditure - this will be competitively assessed, as detailed in Section 6.3.

4.1 General principles

The following general principles apply when considering Eligible Expenditure:

- Eligible Expenditure is expenditure related directly to the undertaking of the Project;
- Eligible Expenditure is calculated as the GST inclusive amount less any GST credits the recipient or its representative member is entitled to claim;
- non-cash contributions (in-kind contributions) are not preferred and should not be included in the budget submitted with applications under the Fund. Applicants will be provided the opportunity to request approval for inclusion of in-kind expenditure, where they can demonstrate to the satisfaction of the Department that the in-kind expenditure could satisfy the Fund's Eligible Expenditure guidelines;
- expenditure cannot be categorised as Eligible Expenditure if it is undertaken prior to the signing of the Funding Agreement or after the completion date for the Project specified in the Funding Agreement;
- Opportunity Costs are not Eligible Expenditure;
- where resources are used on a Project and on unrelated activities elsewhere in the Recipient organisation, the cost of those resources should be apportioned to the Project, based on the proportion of those resources that were used in undertaking the Project;
- related party transactions must be treated without mark-up, unless the recipient can demonstrate to the satisfaction of the Department, that the transaction has been calculated on an arm's-length basis; and
- generally accepted accounting principles are to be followed and it must be possible to track Project expenditure through a Recipient's accounting system to meet the financial reporting and audit requirements in the Funding Agreement.

4.2 Eligible Expenditure

Eligible Expenditure may include the following:

- expenditure on the preparation of contracts entered into for the purpose of undertaking activities required for the Project, subject to the ineligible expenditure exclusions detailed in Section 4.3 below;
- labour expenditure, such as 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;
- administrative expenses, including expenses incurred on communications, accommodation, computing facilities, travel, recruitment, printing and stationery, where such expenses are related directly to the Project;
- expenditure for plant installed for the Project;
- expenditure for the construction of a Project;
- expenditure on activities that directly contribute to, or enable knowledge sharing, including database development, websites, applications and reports;
- expenditure on legal, audit and accounting costs related directly to the Project;
- 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; and
- expenditure such as relevant licence fees or intellectual property purchase costs, where the recipient needs to access specific technology to undertake the Project.

4.3 Ineligible expenditure

Ineligible expenditure includes, but is not limited to, the following:

- activities that directly relate to Victorian Government planning assessment processes (that would normally be progressed by project developers);⁵
- upgrades of existing renewable energy Projects that do not materially increase the capacity of the existing plant. Upgrades that materially increase the capacity of the existing plant may be considered at the Department's discretion if they meet the eligibility criteria;
- the purchase of property;
- Project expenditure undertaken prior to entering into a Funding Agreement with the Department for the Project or after the completion date for the Project specified in the Funding Agreement; and
- research and development activities, including the education and training of students. For the avoidance of doubt, Project activities may include research components to the extent these are part of a larger activity focused on the deployment and commercialisation of a Project that meets the eligibility requirements under the Fund, including requirements for TRL.

⁵ Studies that are commissioned to support the planning process may be Eligible Expenditure.

5. How will Projects be assessed?

5.1 Process overview

The Fund's application and assessment process is competitive, and not all applications will be successful in receiving funding. Round 1 will be based on a single stage application. Round 2 is a two-stage process, with a pre-application stage, followed by an application stage.

Pre-application stage

For Round 2, the pre-application stage allows Applicants the opportunity to present their Project concept in a summarised form to the Department; however, submitting a pre-application in this round is not mandatory.

Once pre-applications are received, Applicants and/or the Department may seek to hold interactive discussions on the Project and pre-application. These sessions can allow the Department to seek further information on the Project and provide guidance in respect of application to the Fund.

Interactive discussions with Applicants may occur throughout the pre-application process and for a period of time after pre-applications close. While eligibility and merit criteria may be clarified in these interactive discussions, the Department cannot make determinations on specific Project eligibility and merit during this stage.

For the avoidance of doubt, the Pre-application stage is not applicable to Round 1.

Application stage

The application stage requires Applicants to submit responses to questions posed in the application form. For round 2, submitting a pre-application is not mandatory.

The information submitted in the application stage will be used by the Department in the eligibility and merit assessment of Projects.

Eligibility and merit assessment

The Department will review applications for completeness and to check that they meet the eligibility requirements. Applications that do not meet the eligibility requirements will not be considered further in the assessment process. While the Department reserves the right to seek further information with respect to eligibility of Applicants, it is not obliged to. All applications which the Department determines have met the relevant eligibility requirements will be assessed against the merit criteria detailed below in Section 5.2. Applications must be completed in full and should address all relevant criteria and provide all supporting documents set out in Section 5.3.

If Applicants do not provide the specified information in the format required, the Department may (but is not obliged to) seek supplementary information or clarification from Applicants, or it may assess the application as unsuccessful. Applications that fail to meet one or more of the eligibility criteria, or that the Department assesses to be of low merit against one or more merit criteria, will be considered unsuccessful.

Applicants should note that this is a competitive process and are therefore encouraged to provide as high a quality application as possible on lodgement, and not rely on, or assume that the Department will seek further information or clarification in relation to it.

The Department may seek advice on the merit assessment of an application from a panel of advisers, which may include AEMO, ARENA, external consultants or advisers. The Department may seek clarification from Applicants in relation to any matter arising from the assessment of the application.

Information contained in the applications may be shared with other State or Commonwealth Government department and agencies (including ARENA, CEFC and AEMO) and relevant Network Service Providers (NSPs). By submitting an application, Applicants consent to information submitted to the above bodies being shared with the Department.

Eligible applications may also be assessed with select groups of eligible applications in a portfolio analysis to determine the contribution to the Fund Objectives of groups of high-merit applications.

Shortlisting, due diligence and negotiations

The Department will make a determination on shortlisted applications to proceed to due diligence and Funding Agreement negotiation, noting that not all shortlisted applications may be successful in receiving funding. The Department may invite shortlisted Applicants to present their Projects to the Department and its advisers.

Due diligence is expanded upon in Section 6.4. Negotiations with shortlisted applicants on a full-form Funding Agreement will follow, and should the Department and Applicant successfully conclude negotiations, subject to Government approvals, a Funding Agreement will be executed.

Process summary

An overview of the process and indicative timings is illustrated in Figure 1 below. Please note that all timings are indicative and are subject to change at the Department's discretion.

The Department reserves all rights to amend these guidelines and the application processes described herein.

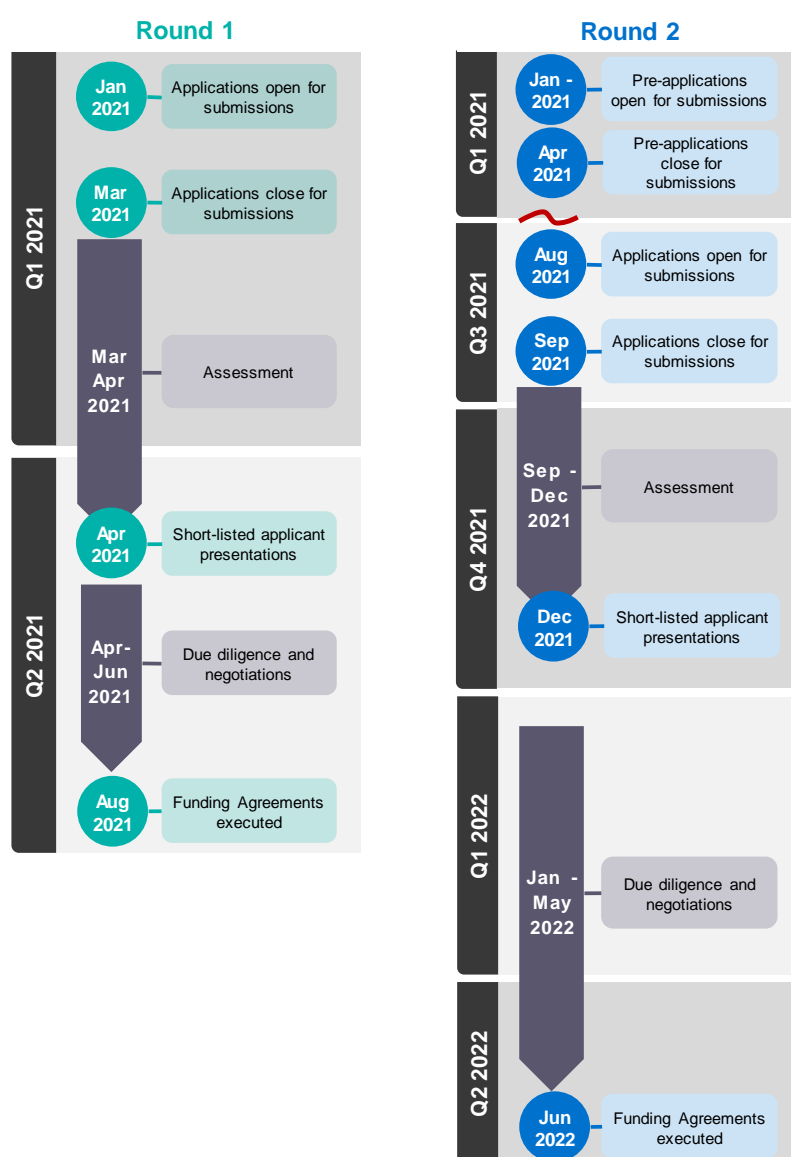


Figure 1: EIF process overview and indicative timings

5.2 Merit criteria

1	Supporting the energy transition – ability to contribute to net zero by 2050
2	Demonstrated pathway to commercial operations
3	Economic impact and community support
4	Innovation and knowledge sharing
5	Firming and supporting the network
6	Financial viability and commercial attractiveness

Merit Criterion 1: Supporting the energy transition – ability to contribute to net zero by 2050

This criterion assesses how a Project can support Victoria's energy transition, and contribute towards the legislated net zero by 2050 targets, including:

- the emerging energy technologies' ability to become commercially mature post 2025;
- ability to demonstrate zero-emissions outcomes (generation, waste to energy, green biogas or green hydrogen) or how the Project supports a zero-emissions grid (storage); and
- demonstration of how the Project is aligned to Victoria's New Energy Technologies – Sector Strategy; and its significant impact on a given sector, and beyond.

Merit Criterion 2: Demonstrated pathway to commercial operations

Assessed under this criterion is the ability of a Project to demonstrate a viable pathway to commercial operations and energy generation, including the:

- demonstrated understanding of the financial, technical, environmental and delivery risks, and the appropriateness of the proposed risk mitigants;
- demonstration of a viable pathway to commercial feasibility for both the Project and the Project's industry, and understanding of all required approvals;
- demonstrated consideration of the relative size of the Project's proposed energy output in the energy market, the implications for economic viability or the need for financial assistance; and, reflecting these factors, options for scalability or staging; and
- track record and experience in projects of a similar nature in Australia or overseas.

Merit Criterion 3 – Economic impact and community support

This criterion assesses the impact of the Project on the Victorian economy, local and regional benefits, and community support, including:

- forecast economic impact from the Project and associated local supply chains, and the percentage of forecast economic benefit accruing to regions;
- time taken for forecast economic benefits to flow;

- the ability of the Project to demonstrate it has the trust of the local community including non-hosting members; and
- where a Project is yet to engage with the local community, a sophisticated understanding of community engagement processes.

Merit Criterion 4 – Innovation and knowledge sharing

Innovation and broadening the knowledge base in the Victorian renewable energy sector is a key aim of the Department. The following will be assessed under this criterion:

- a clear demonstration of the innovative and transformational aspects of the proposed Project. This can be demonstrated via the technology used, business model or other aspects; and
- a commitment to make available the learnings gained from the Project with the State, via a comprehensive application for knowledge sharing.

Merit Criterion 5 – Firming and supporting the network

For Projects that connect to the NEM, the following will be considered when assessing each Project's ability to firm and supporting the network:

- contribution to system reliability and security in Victoria; and
- any required network upgrades to connect the Project are noted and costs included in the delivered cost of energy to understand total system costs of the Project.

Projects that do not connect to the NEM (such as non-grid connected green hydrogen), will be assessed as having a neutral impact under this criterion.

Merit Criterion 6 – Financial viability and commercial attractiveness

Assessed under this criterion is the Project's ability to demonstrate its financial viability and commercial attractiveness, including the:

- demonstrated need for grant funding;
- demonstrated pathway to a viable Project business case;
- materiality of departures from the template Funding Agreement;
- commerciality of the proposed scale of the Project, reflecting any use of staged development;
- competitiveness of the delivered cost of electricity compared to alternate comparable technologies; and
- contribution of the Project to wholesale utility market competition in Victoria.

5.3 Supporting documentation

An online application form will set out all requirements for supporting documentation. Anticipated supporting documentation required includes, but is not limited to;

- Project budget template;
- Project delivery schedule template;
- Funding Agreement departures;
- Knowledge Sharing Plan;
- Project risk register; and
- any other documents to support and provide context for the application, however, the Department is not obliged to consider these documents in the assessment of the application.

Templates for supporting documents can be downloaded from <https://www.energy.vic.gov.au/grants/energy-innovation-fund>.

6. How and when to apply?

6.1 Application process and key timing

Applications for Projects must be made via the online grant management portal. Please refer to the Fund website below for key submission and timing dates. The Department may accept or reject any Application received after the closing time on the closing date in its absolute discretion. Applicants are encouraged to register for updates on the website noted below to receive alerts and updates.

<https://www.energy.vic.gov.au/grants/energy-innovation-fund>.

6.2 Applicant questions

Applicants can submit clarification questions in relation to the Guidelines, the application process and the broader Fund to the Department. Please refer to the Fund website for guidance and timing on submitting questions.

Any information provided by the Department in response to any question raised by a potential Applicant, may be uploaded onto the Frequently Asked Questions (FAQ) document. An initial set of FAQs is available from the Energy Innovation Fund webpage.

Clarification questions can be submitted to: energy.innovation@delwp.vic.gov.au

Please ensure questions follow the subject line guidance below:

EIF - [Application Number] – [Applicant Organisation Name] – Question

6.3 Funding

Any grant funding provided must be the minimum funding required for a Project to proceed. By way of guidance, the Department expects funding requests to be in the range of \$2 million - \$20 million. Total grant funding requests (including all government funding sources) must not exceed 50% of the Project's Eligible Expenditure, as outlined in Section 4.2.

The Department encourages Applicants to seek joint-funding with Commonwealth and State organisations where appropriate.

Payment of grant funding will be based on verifiable Project milestones. Applicants will be required to provide suggested milestones and associated payment amounts to occur upon satisfaction of each milestone.

6.4 Due diligence

At any time during the assessment process the Department may undertake due diligence on an application. Due diligence may include, but is not limited to:

- inviting Applicants to present their application to the Department and/or the Department's consultants and advisers;
- commissioning or completing research, analysis and modelling to support assessments;
- contacting identified Project participant organisations, the Australian Renewable Energy Agency (ARENA), AEMO and or the relevant network service provider to confirm or verify elements of an application;
- contacting any relevant federal, state, territory and international government agency about an application or an Applicant/Recipient; and
- inviting Applicants to disclose to the department (and its advisors) of any necessary information or materials reasonably required by the Department to conduct its assessment against the eligibility and merit criteria

Where an Applicant has also applied for joint funding, the Department will work with the joint funding body to share due diligence resources, where possible, to minimise the burden on Applicants. Due diligence by

the Department, and the Applicant's cooperation with this, is likely to have a material impact on the Department's assessment of an application.

In addition, Applicants should be aware that:

- the completion of due diligence to the satisfaction of the Department may also be required to satisfy one or more criteria for release of funding under the Funding Agreement; and
- where Project contributions are expected to include debt financing, the Department may require access to, and reliance on, professional due diligence commissioned by debt financiers to satisfy one or more criteria for release of funds under the Funding Agreement. Accordingly, Applicants will need to liaise with the Department to facilitate appropriate terms and arrangements when engaging with debt financiers.

6.5 Final decision

The Department has discretion to reject, refuse or cease to assess an application at any time if the Department is of the view (in its absolute discretion) that an application is unlikely to be successful and/or is not in alignment with the government's policy or priorities.

The validity period of applications is set at 6 months. Once the validity period expires, applications will be deemed invalid.

The Department's decision is final in all matters, including:

- the decision to continue assessment of an application;
- the approval of applications for funding;
- the amount of grant funding awarded; and
- the terms and conditions of funding.

Resubmission, or requests for re-review, will not be accepted (unless otherwise decided by the Department).

6.5.1 Other matters

Further, at the sole and absolute discretion of the Department, within the formal grant rounds (i.e. Round 1 and Round 2),

- the Department may consider applications that do not conform with the proposed funding ranges (i.e. \$2 million to \$20 million) within each of the grant rounds if exceptional value and benefit to the State are demonstrated to the satisfaction of the Department; or
- the Department may consider an Application that does not fully meet the Project Eligibility requirements under Section 3.1.2, if the Application is demonstrated to,
 - meet all the Applicant Eligibility requirements in Section 3.1.1;
 - align with the Fund Objectives set out in Section 2; and
 - offer exceptional value and benefit to the State, to the satisfaction of the Department.

7. Funding conditions

7.1 Funding Agreement

Successful Applicants must enter into a Funding Agreement with the Department. Funding Agreements establish the parties and outline their commitments and obligations to each other, as well as setting out the general funding terms and conditions.

No funding will be released until DELWP and the Applicant have executed the Funding Agreement and the appropriate milestone evidence identified in the Funding Agreement has been met. DELWP reserves the right to withhold payments in cases where evidence has been provided but the Department deems that there are concerns relating to the delivery of the Project. In this instance, the Department will release funding when appropriate actions have been taken to ensure the Project is delivered within the agreed timeframes.

For organisations with an ABN and who are GST registered, payment will be made GST inclusive. Recipients are responsible for determining their tax liabilities for grant payments.

Grants provided by DELWP may be classified as income and tax may be payable by Recipients. Each Applicant is responsible to investigate their own tax structure and treatment.

7.2 Funding offers

All offers to negotiate and any payment of funds by the Department under the Fund are subject to the execution of a Funding Agreement with the Department. Applicants who receive an offer to negotiate must keep the offer confidential until the execution of a Funding Agreement by the Applicant and the Department (and thereafter comply with the terms of the Funding Agreement in relation to confidentiality and publicity). Any public communication by the Applicant regarding the Project between the time of application submission and execution of the Funding Agreement can only be done with the Department's prior consent. The Department may withdraw its negotiation offer if the Applicant does not comply with this requirement.

7.3 Use of funding

Funding must be used only for Eligible Expenditure on the Project. Applicants will be required to identify objectively verifiable milestones and prepare budgets reflecting the Eligible Expenditure required for each milestone (which will be set out in the Funding Agreement).

Eligible Expenditure is expenditure related directly to the undertaking of the Project and is discussed in Section 4.2. This guidance must be adhered to in the preparation of the budget that is submitted with an application and as part of the regular milestone reporting required of Recipients.

7.4 Project monitoring and delivery

Recipients are required to comply with Project monitoring and reporting requirements to be outlined in the Funding Agreement. Applicants are responsible for Project delivery, including any Project cost overruns should they occur. In cases where a Project is delayed for an unreasonable length of time, where substantive changes to scope are made after funding has been approved, or where a Project fails to be delivered, the Department reserves the right to cancel the grant and, if applicable, recoup any payment that has already been provided.

Successful Applicants that enter into a Funding Agreement with the Department will be required to provide reporting in line with the requirements of the executed Funding Agreement. The Department will monitor the progress of Projects by assessing reports submitted by Applicants and may conduct site visits to confirm details of the reports. Occasionally the Department may need to re-examine claims, seek further information or request an independent audit of claims and payments.

7.5 How will the Department share knowledge and publish information?

Applicants must agree to enter into an agreement with the Department to publicly share knowledge and information about, and resulting from, the Project described in the application (e.g. as part of the Funding Agreement). Applicants will fill out a Knowledge Sharing Plan, which will be competitively assessed.

Knowledge sharing activities for joint-funded Projects may be streamlined to meet multiple partners' requirements and to minimise duplication.

The Victorian Government may publicly announce and/or publish the following information associated with successful Projects:

- name of the Recipient;
- title of the Project;
- description of the Project and its aims; and
- the amount of grant funding awarded.

The Victorian Government will share or publish information about any Project when required under law.

Further, a condition of funding is agreement to publish a formal document about the Project to inform industry and the broader community about the Project's development and findings, through a Knowledge Sharing Report. The terms of the Funding Agreement will include an obligation on the recipient to comply with a Knowledge Sharing Plan for the Project that is approved by the Department.

7.6 Acknowledgement

Recipients are expected to acknowledge the Victorian Government's support and promotional guidelines will form part of the Funding Agreement. Recipients must consult the Department prior to the publication of any Project promotional materials and liaise with the Department to coordinate any public events or announcements related to the Project. Successful Applicants may be required to contribute information on activity outcomes for use in Fund evaluation or in the Department's communication materials.

Subject to any specific requirements in an executed Funding Agreement, if successful Applicant's make a public statement about a funded Project, it is a requirement to acknowledge the support provided by the Department. The following wording is suggested:

"This Project received grant funding from the Victorian Government and [other funding body – where applicable]."

7.7 Cost

The Department is not liable for any costs, expenses, losses, claims or damages that may be incurred by Applicants or other potential Recipients in connection with the application process, including in preparing or submitting an application, providing further information to the Department, or participating in negotiations with the Department.

7.8 Probity for application procedures

The Applicant and any of its associates must not offer any incentive to, or otherwise attempt to influence any of the persons who are either directly or indirectly involved in the application process, or in awarding any subsequent contract. If the Department determines that the Applicant or any of its associates have violated this condition, the Applicant may be disqualified from further consideration, in the Department's absolute discretion.

Applicants must not engage with other parties in the Victorian Government regarding the Fund, other than those listed in Section 8. Any contact initiated by Applicants to the Department must only be made through the email address noted in Section 8.8.

Applicants must not engage in any anti-competitive or collusive behaviour in relation to the Project

By submitting an application, the Applicant consents to the Department performing probity and financial investigations and procedures in relation to the Applicant or any of its associates. The Applicant agrees, if requested by the Department, to seek consents from individuals to allow such probity checks.

7.9 Work health and safety

All organisations have obligations under relevant work health and safety law (as persons conducting a business or undertaking) to ensure the health and safety of workers so far as is reasonably practicable and that the health and safety of other persons is not put at risk from their undertakings.

This obligation includes Applicants ensuring that safe systems of work are in place for each of the activities conducted in support of the Project. The Department expects Applicants to be committed to health and safety management in the proposed Project.

8. Contacts and further information

8.1 Commencement and authority for the guidelines

These guidelines have been approved by the Department. The guidelines may be varied from time to time or revoked. The Department has the authority to award funding under the Fund and execute and vary the agreements that allow the Victorian Government to provide this funding.

8.2 Limitations

8.2.1 No representation, warranty or guarantee

The Department and its employees, agents and officers (the Department Parties) do not give any representation, warranty or guarantee, whether express or implied, in relation to the information contained in any materials released by the Department associated with the Fund (Fund Materials) including their completeness, accuracy, currency or reliability or the process by which they were prepared. None of the Department Parties give opinions regarding, legal, accounting, regulatory, taxation or any other matters. Without limiting the foregoing, nothing in the Fund Materials is or should be regarded as advice in relation to those matters.

Nothing contained in the Fund Materials is or may be relied upon as a promise, guarantee, representation or warranty.

8.2.2 No obligation to update

The Fund Materials, the information contained herein and the matters to which it relates may be amended, updated or withdrawn at any time, at the Department's discretion. However, the Department parties do not accept any responsibility to update, supplement or correct the Fund Materials, nor to inform Applicants about any matter that may affect the Fund Materials.

8.2.3 No liability

Each Department Party expressly disclaims all liability for any loss or damage incurred by any person arising from, or because of, any person's use of or reliance on any information, statement, opinion or matter (express or implied) contained in, derived from, or omitted from the Fund Materials, except for any liability which cannot be excluded as a matter of law.

8.2.4 Other limitations

The Fund Materials are not an offer, recommendation or invitation by any Department Party in respect of any contract or commitment and (subject to a Funding Agreement being fully executed) nothing in the Fund Materials will form the basis of any contract or commitment.

Applicants must rely entirely upon their own investigations, review and analysis in relation to the assessment of whether to apply to and participate in the Fund.

8.3 Confidentiality and disclosure of information

The Department will, to the extent permitted by law, treat all information as strictly confidential and commercial-in-confidence where relevant. Any personal information will be managed in accordance with the published Privacy Policy, which can be found at <https://www.delwp.vic.gov.au/privacy>

Unless otherwise stated in these Guidelines or other Department or Victorian Government materials relating to the Fund, and subject to the terms of any executed Funding Agreement, any commercial-in-confidence information provided by Applicants as part of, or in connection with, a registration, application or negotiation process will be treated confidentially by the Department.

The Department may disclose commercial-in-confidence information provided by Applicants to the following parties:

- the Minister or Minister's office;
- the Victorian Ombudsman and Victorian Auditor-General's Office;
- Department staff, consultants and advisers;

- ARENA;
- AEMO;
- any agency or body of the Victorian Government, or any other organisation or individual considered by the Department to have a need or an entitlement to know that information (including any federal, state or territory agency or body), where that need or entitlement to know that information arises out of or in connection with the Department's assessment, verification or due diligence of any aspect of the application; and
- to any person to whom disclosure is otherwise authorised or required by law.

The Department may receive commercial-in-confidence information provided by Applicants from the above parties.

If the Department discloses commercial-in-confidence information to any of the above parties, it will inform the party that the information is strictly confidential. The Department will otherwise only disclose commercial-in-confidence information provided by Applicants with Applicant consent.

8.4 Complaints

Complaints concerning the Fund should be emailed to the DELWP email address noted in Section 8.8.

Complaints will, in the first instance, be reviewed by the Department. If the Department cannot resolve the complaint within 30 business days of receipt, the Department will provide details of a nominated complaints and review officer from the DELWP Complaints, Legal Services Division who will advise the next steps. If the complaint is still not resolved satisfactorily, the Victorian Ombudsman can be reached for external review of the administrative actions of the Department.

8.5 Conflicts of interest

The Department will administer conflict of interest procedures for the fund, including procedures for all staff to declare their interests.

All consultants and advisers engaged by the Department to assist in delivery of the Fund will be required to disclose any conflicts of interest they may have in relation to Applicants and may be excluded from work if required under the Department probity procedures.

Applicants will be required to disclose any conflicts of interest existing or that may arise throughout the course of the project life.

8.6 Fund evaluation

The Department may internally evaluate the Fund to determine the extent to which funded activities contributed to achieving the Fund Objectives. We may use information from applications and Project reports for this purpose.

The Department may also interview Applicants or ask Applicants for more information to help the Department understand how the grant impacted Applicants and to evaluate how effective the Fund was in achieving its objectives. Without limiting any specific reporting or evaluation requirements (or similar) set out in any Funding Agreement executed with the Department, we may contact Applicants up to two years after the Project is finished for more information to assist with this evaluation.

8.7 No contract or liability

Despite any part of these guidelines, or any other documentation that forms part of this process (in part or together), by applying, each Applicant must, and must procure that any other potential Recipient for the Project does:

- acknowledge that neither the Applicant nor the Department intend to create any contract or other relationship under which the Department is obliged to conduct the process in relation to the Fund in any manner or at all, and that there is no such contract or other relationship in existence;
- accordingly, acknowledge that neither this document, nor any submission will create any legal or other obligation upon the Department to conduct the process in any manner or at all; and

- release the Department from any claim it might otherwise have been able to make or bring against the Department, arising out of or in connection with the Department's conduct of, or failure to conduct, the process in any manner or at all.

8.8 Further information

Potential Applicants and interested parties should refer to the Fund website for up-to-date information on the Fund at <https://www.energy.vic.gov.au/grants/energy-innovation-fund>.

Any questions or clarifications can be sent in writing to energy.innovation@delwp.vic.gov.au.

Appendix A Technology and commercial readiness

Technology and commercial readiness

As outlined in Section 3.1.2, to be eligible, Projects applying for funding under the EIF must achieve a TRL of 9 and CRI of 2 to 5. ARENA's Advancing Renewables Program Guidelines provide formal definitions for these levels and should be referred to for this purpose.⁶

To qualify for a TRL of 9, the full-scale system must have been previously operated across all expected operating conditions. This means the technology must have progressed past all initial commissioning, demonstration, and prototype stages. A Project with a CRI of 2 to 5 means the Project has been tested commercially in some setting (small or large scale) but is not yet considered as a bankable or a mature commercial technology.

Figure 2 outlines the TRL and CRI levels and highlights the stages of development applicable under the EIF.

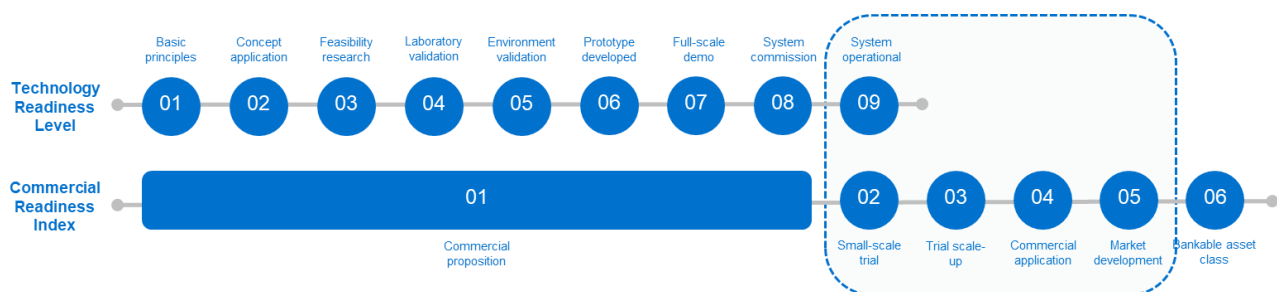


Figure 2: Technology and Commercial Readiness

⁶ Available at arena.gov.au/assets/2017/05/ARENA_ARP_Guidelines_FA_Single_Pages_LORES.pdf