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| Neighbourhood Battery Initiative |
| Frequently Asked Questions for Round 3 |

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Neighbourhood Batteries

## What is the purpose of the Neighbourhood Battery Initiative grant program?

The $10.92 million Neighbourhood Battery Initiative (NBI) aims to support the delivery of neighbourhood-scale battery trial projects in Victoria across various stages of development, from feasibility through to trial implementation.

It will support projects across a range of neighbourhood-scale battery ownership and operational models, including those trialling customer battery access services and innovative local energy trading models.

In 2021, the Victorian Government awarded grants totalling $3.68 million to 16 community, local council and industry organisations across Victoria for feasibility and implementation projects under Round 1 of the NBI.

A further $1.5 million was awarded to a community group and a local council for implementation projects under Round 2 of the Neighbourhood Battery Initiative in 2022.

For Round 3, the Victorian Government is making available up to $2.32 million in grant funding for business cases and related works, and neighbourhood battery implementation projects.

Applicants will need to demonstrate that their project will deliver benefits to energy users and that it will access a range of value streams.

Round 3 will provide funding under two different streams:

* Stream 1 - the delivery/development of a business case and related works for one or more neighbourhood batteries located behind or in front of the meter
* Stream 2 - the implementation of a neighbourhood-scale battery (including installation and commissioning)

This FAQ should be read in conjunction with the Application Guidelines for Round 3 available from <https://www.energy.vic.gov.au/grants/neighbourhood-battery-initiative>.

## How big is a neighbourhood-scale battery?

Neighbourhood-scale batteries are considerably larger than household batteries and range in size from approximately 100 kilowatts (kW) to five megawatts (MW). They are sometimes referred to as ‘community’ or ‘grid- scale batteries’.

## What does ‘in front of the meter’ mean?

For a neighbourhood-scale battery project to be considered ‘in front of the meter’, it must be installed in front of the meter to the local electricity distribution network.

## What does ‘behind the meter’ mean?

A behind the meter battery is located within an electricity customer’s premises (e.g. business or household) and provides power that can be used on-site without passing through a meter. Business cases and related works for behind the meter neighbourhood batteries are eligible for funding under Stream 1 of Round 3.

Round 3 Applications

## Who can apply for funding?

Applications are open to a broad range of organisations and can include single entities or a consortium of participants. However, all Applications, whether single entities or a consortium, must nominate a 'Lead Organisation' to:

* endorse the Application;
* verify any commitment of funds for the Project; and
* be authorised to enter into a Funding Agreement with the State if successful.

The Application must be approved by a duly authorised representative of the Lead Organisation. Individuals and government agencies are not eligible to apply as a Lead Organisation under the Program.

The Lead Organisation must:

* have an Australian Business Number;
* be able to demonstrate that either the Lead Organisation or the Lead Organisation's parent company has at least three years’ operating history; and
* be able to provide three years of financial reports (preferably audited) for the Lead Organisation or the Lead Organisation's parent company.

Please note funding can only be given to the Lead Organisation throughout the duration of the whole project.

Any applicants who are not registered for GST should seek tax advice about registering for GST prior to commencement of the project.

The Department of Energy, Environment and Climate Action (DEECA) may request, during the Assessment Process, that unaudited financial reports be audited and resubmitted.

## What type of projects will be considered for funding?

Under **Stream 1** funding will be provided for projects that deliver a business case and related works for one or more neighbourhood batteries located behind or in front of the meter. The project must include the development and/or delivery of a project plan as described in Section 9 of the Application Guidelines. The intention of Stream 1 is to progress projects so that they are ready to commence implementation by July 2025.

Note: If a business case has already been developed, funding can be used for related works including legal, engineering or other technical advice to support the neighbourhood battery business case with both the advice and completed business case to be provided to DEECA upon completion of the project.

Under **Stream 2** funding will be provided for projects that implement a neighbourhood-scale battery (including installation and commissioning). The project must demonstrate direct benefits to the local community and deliver technical, social or operational innovations that have not been demonstrated by implementation projects funded under Rounds 1 or 2 of the NBI. Only ‘in front of the meter’ projects will be considered under Stream 2.

## What will not be funded?

The NBI will not fund the following activities:

* business as usual costs, including existing or ongoing staff salaries
* land acquisition and related expenses
* operational costs of running the neighbourhood battery
* costs of maintaining the neighbourhood battery
* expenditure on other projects
* projects that have already commenced construction
* projects that conclude after:
  + 1 June 2024 for Stream 1
  + 31 December 2024 for Stream 2
* the use of any new or nascent technologies that have not undergone appropriate testing
* feasibility studies[[1]](#footnote-2)
* installation of a storage device (e.g. battery) behind the meter to the electricity distribution network[[2]](#footnote-3)
* installation, operation or maintenance of generation technologies (e.g. solar panels, diesel generators)
* projects located outside the State of Victoria.

## I am an individual and I would like a neighbourhood battery. Can I apply?

The delivery of a Neighbourhood Battery is a complicated task that requires months, if not years of planning. Although we appreciate that many individuals are interested in acquiring a battery for their local community, only organisations with an ABN are eligible to apply for grants under the Neighbourhood Battery Initiative as outlined in the [application guidelines](https://www.energy.vic.gov.au/__data/assets/word_doc/0029/619715/nbi-round-3-application-guidelines.docx).

If you are interested in having a neighbourhood battery in your area we recommend you speak to your local council, environment groups or your [electricity distributor](https://www.energy.vic.gov.au/for-households/find-your-energy-distributor). You will need support and expertise from these organisations to navigate the complex process of developing a business case and ultimately potentially installing a neighbourhood battery.

We are proud to be working in partnership with the *Battery Storage and Grid Integration Program* team at the Australian National University. Together with the ANU we are delivering this [Knowledge Hub](https://bsgip.com/neighbourhood-battery-knowledge-hub/)**,**which brings together critical research and learnings from the NBI program (and other projects from around Australia) to equip new and existing groups to understand the process of developing a neighbourhood scale battery project. The Knowledge Hub is a useful tool for those looking to implement a neighbourhood battery project. We recommend you review this website.

We appreciate that it may take time to build support for a neighbourhood battery project and as such you may not be ready to apply for funding under Round 3 of the Neighbourhood Battery Initiative. The Victorian Government is investing a further $42 million to install 100 more neighbourhood batteries across Victoria so we anticipate that there will be other opportunities for you to progress a neighbourhood battery project in the future.

## What is the difference between a feasibility study and a business case?

For the purpose of these grants a feasibility study is an evaluation of the technical and economic viability of a project to attain the desired outcome, whereas a business case presents the details of a project and the fully costed case for its delivery to justify approval to proceed and allocation of funds.

**Business cases and related works will be funded. Feasibility studies will not be funded.**

## Can we add a battery to our project that has already started construction?

Where the installation of a neighbourhood-scale battery is proposed as part of a broader suite of works, the application will need to demonstrate that the neighbourhood-scale battery is a distinct project that has not commenced construction prior to **21** **April 2023**.

## When will the funding be available?

Funding is anticipated to be available from June 2023 but will be released to the successful applicants subject to the terms of the Funding Agreement.

## Are grant funds taxable?

It is the responsibility of applicants to understand their specific tax obligations including GST. GST is **not payable** to organisations which are not registered for GST with the Australian Tax Office.

Should an applicant become registered for GST after being notified of successful grant funding, they must inform the relevant representative from the DEECA within 7 business days to ensure grant payments are inclusive of GST.

## What are the minimum and maximum amounts of funding available for individual projects?

There is no minimum funding amount.

Funding of up to $200,000 will be available under Stream 1.

Funding of up to $750,000 will be available under Stream 2.

## Is there a co-funding requirement?

Co-funding is not required however, applications that have secured a cash contribution of 10 per cent or greater of total project value will be viewed favourably.

A cash contribution is direct financial input and does not include in-kind support such as staff salaries or other resources.

## Will there be future Rounds of the NBI?

This will be the final Round of funding under the NBI. However, there will be future Victorian Government funding for neighbourhood battery projects. You may also be eligible for funding under the Federal Government’s Community Batteries for Household Solar program.

## How long do successful applicants have to complete their projects?

Successful applicants must complete their project by 1 June 2024 for Stream 1 projects and 31 December 2024 for Stream 2 projects.

## How can applicants apply?

Applications must be made via the Victoria Government’s online grant management portal: <https://www2.delwp.vic.gov.au/grants>.

## When do applications open and close?

Applications will open on 27 February 2023.

Applications must be received by DEECA no later than **5pm, 21 April 2023**.

## When will applicants be notified?

Applicants will be notified of the funding outcome in May/June 2023.

## Our project would deliver a number of benefits but does not meet all the eligibility criteria. Can we still apply?

DEECA will review applications for completeness and confirm whether they meet the eligibility requirements. Applications that do not meet all the eligibility requirements will not be considered further in the assessment process. All eligible applications will be assessed on merit against the assessment criteria.

## Can embedded networks or microgrids apply?

If a business case is for a neighbourhood-scale battery connected ‘behind the meter’ to an embedded network or microgrid, it is eligible for funding under Stream 1 of this program.

Projects seeking funding for implementation of a behind the meter battery are not eligible for funding under Stream 2.

## We have previously been successful/unsuccessful in receiving grants under the NBI. Can we reapply?

Yes. All past applicants can apply under Round 3 of the NBI. For projects that were previously unsuccessful, please be mindful that the assessment criteria have changed and your application should be updated to reflect this.

Stream 1 – Business Cases & Related Works

## Do I have to submit a project plan as part of the application?

No. A project plan does not have to be submitted as part of Stream 1 applications. However, a project plan consistent with DEECA’s requirements must be prepared and submitted to DEECA upon completion of the project.

DEECA’s requirements for a project plan are included in Section 9 of the Application Guidelines.

## We have already developed a business case but have other works that need to be completed before we can start construction. Can we apply?

Yes. If you already have a business case but require funding for related works such as legal, contract or engineering advice you can still apply for funding for these components.

Note that you will need to submit evidence of the outcomes of related works **and** your completed business case to DEECA upon completion of the project.

## What type of range of benefits should an applicant seek to demonstrate in their application for Stream 1 funding?

There are no set categories of benefits required for a project application to be considered for funding.

Neighbourhood scale batteries can ‘value stack’ different revenue streams to deliver a range of benefits including:

1. supporting integration of more solar on the network
2. providing network benefits such as voltage management, and mitigating minimum and/or peak demand
3. providing market services, including wholesale electricity market trading and Frequency Control Ancillary Services (FCAS)
4. providing consumer battery access services, helping to expand the benefits of storage to more energy users.

However neighbourhood-scale batteries can deliver other benefits too, including social and environmental benefits. One of the objectives of the NBI is to support understanding of the full range of benefits that neighbourhood scale batteries can provide. We want to hear innovative ideas about how batteries can benefit communities, so we have deliberately not specified what these benefits need to be. What your application needs to do is to identify the beneficiaries and the specific benefit(s) that your business case will quantify. These benefits should be additional to any benefits the community and other beneficiaries may be currently receiving from existing assets.

For example, if you wish funding to develop a business case for installing neighbourhood-scale batteries onto five community centres, it is not sufficient to state the benefit as ‘supporting the community’s ongoing access to the community centres’.  Your application should detail how you expect how the battery will deliver benefits to the community centres, local community and other beneficiaries.

Should you receive funding, we would expect your business case to specify and quantify benefits. E.g.  Will the battery lower operating costs? Will the battery change the way the community centre can be used? Will reduced costs enable more services to be offered? Will the cost savings be returned back to the community as a rebate or decrease fees? Will surrounding households benefit from the battery and if so, how and to what extent?

Stream 2 – Neighbourhood Battery Implementation

## We are applying for funding under the Commonwealth Government’s Community Batteries for Household Solar program. Can we also apply under the NBI?

Yes. If you and your project meet the eligibility requirements under both programs, you may be able to receive funding from both programs if successful.

However, your NBI Round 3 application should:

* Identify if/how your project will progress if funding under the Commonwealth program is not received
* Consider the timing implications of the different grant programs, and
* Demonstrate that funding from the two programs will not be used for the same eligible line items.

## Is there a template for the project plan?

No. Applicants can provide a project plan in their own template however must ensure that it includes all of DEECA’s requirements as detailed in Section 9 of the Application Guidelines.

## Can embedded networks or microgrids apply?

If a neighbourhood-scale battery is connected ‘behind the meter’ to an embedded network or microgrid, it is not eligible for funding through this program.

## What type of “direct benefits to the local community” does a project need to demonstrate in their application for Stream 2 funding?

There are no set categories of benefits required for a project application to be considered for funding.

Neighbourhood scale batteries can ‘value stack’ different revenue streams to deliver a range of benefits including:

* supporting integration of more solar on the network
* providing network benefits such as voltage management, and mitigating minimum and/or peak demand
* providing market services, including wholesale electricity market trading and Frequency Control Ancillary Services (FCAS)
* providing consumer battery access services, helping to expand the benefits of storage to more energy users.

However, neighbourhood-scale batteries can deliver other benefits too, including social and environmental benefits. One of the objectives of the NBI is to support understanding of the full range of benefits that neighbourhood scale batteries can provide. We want to hear innovative ideas about how batteries can benefit communities, so we have deliberately not specified what this benefit needs to be. What your application needs to do is to identify the beneficiaries and quantify the benefit(s) they will derive from the project. These benefits should be additional to any benefits the community and other beneficiaries may be currently receiving from existing assets.

1. For the purposes of these grants a feasibility study is an assessment to determine if a project is possible, a business case presents the details of a project and the fully costed case for its delivery. Business cases and associated works will be funded. Feasibility studies will not be funded. [↑](#footnote-ref-2)
2. Business cases and associated works to support the planning for behind the meter batteries are eligible [↑](#footnote-ref-3)