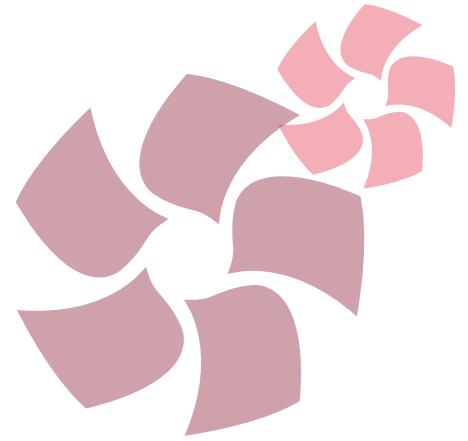




NSW CLIMATE CHANGE FUND

Renewable energy development program



Guide for applicants

DECEMBER 2007

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Introduction

NSW Climate Change Fund

The NSW Government's Climate Change Fund has been established to help households, business, schools and government save water, electricity and greenhouse gas emissions.

Over the next five years, the Climate Change Fund will be supporting the efforts of all sectors of the NSW community to reduce their climate change impacts and adapt to a hotter, drier future. It will be providing critical financial backing to projects and programs that will reduce greenhouse gas emissions, save energy and save water.

The Renewable Energy Development Program provides funding to support renewable energy technologies which generate electricity or displace grid electricity use in NSW.

Renewable sources currently provide 6 percent of electricity use in NSW. The State Plan commits the NSW Government to achieve 15 percent renewable energy consumption by 2020. The Plan also commits the NSW Government to reduce greenhouse gas emissions to 2000 levels by 2025 and by 60 percent by 2050.

The NSW Government recognises that development of a robust renewable energy sector in NSW is essential if renewable energy is to have a significant future role in reducing the State's greenhouse gas emissions. It has implemented a number of measures to support renewable energy generation. It was the first jurisdiction in the world to establish an emissions trading program, the Greenhouse Gas Abatement Scheme (GGAS), and electricity retailers in NSW are required to offer at least 10 percent GreenPower to all new, or moving, residential customers.

The Renewable Energy Development Program (RED) provides further support to advance the development of innovative solutions in renewable energy generation by providing funding for the demonstration and early commercialisation of new technologies.

The application process for the Renewable Energy Development Program is two-staged. Applicants are initially required to submit an Expression of Interest. These Expressions of Interest will be assessed by an independent Evaluation Panel and successful applicants will then be invited to submit a more detailed application to secure funding.

As well as the Renewable Energy Development Program, the Climate Change Fund includes household rebates for rainwater tanks, hot water systems and insulation, funding for water and energy savings in businesses and public facilities, and programs to improve water and energy efficiency in NSW schools.

Purpose of this document

This document is an invitation to prospective applicants to submit expressions of interest for funding.

It sets out details of the Renewable Energy Development Program under the NSW Climate Change Fund, including the objectives, eligibility, selection criteria, assessment of projects and how to apply for funding.

Administration of the program

The Renewable Energy Development Program under the NSW Climate Change Fund is administered by the Department of Environment and Climate Change (DECC). For more information about DECC, the NSW Climate Change Fund and our other water and energy programs, visit www.environment.nsw.gov.au.



About the Renewable Energy Development Program

The Renewable Energy Development Program provides funding for the demonstration and early commercialisation of new renewable energy technologies.

It is open for applications for projects which are expected to lead to large scale greenhouse gas emission savings in NSW by:

- + demonstrating renewable energy technologies in NSW
- + supporting the early commercialisation of renewable energy technologies in NSW.

For the purpose of this program, renewable energy is defined as energy which is naturally occurring and which is theoretically inexhaustible, such as energy from the sun or wind. It excludes energy from fossil or nuclear fuels.

The Renewable Energy Program will support technologies so they can be used in NSW more widely, including:

- + new emerging technologies such as solar thermal systems and geothermal technologies
- + new designs for other more established technologies – using the sun, wind, waves and tides to generate energy.

What outcomes do we want from the program?

The Renewable Energy Development Program is expected to deliver annual savings of:

- + 125,000 MWh annual electricity generated
- + 134,000 of direct annual greenhouse gas reductions
- + 35 MW of electricity generation.



What projects are eligible?

Applications to the Renewable Energy Development Program are open for any renewable energy project which will generate electricity or displace grid electricity use in NSW for stationary energy purposes.

Eligible energy sources

The following renewable energy sources are eligible for funding under the Renewable Energy Development Program:

- + hydro
- + wind
- + solar
- + wave, tide and ocean
- + geothermal and hot dry rock
- + energy crops
- + wood waste, agricultural waste and waste from processing agricultural products
- + food waste and food processing waste
- + bagasse, black liquor and biomass based components of municipal solid waste
- + landfill gas, sewage gas and biomass-based components of sewage.

Other renewable energy sources may be considered. Please contact DECC if other sources are identified.

Ineligible energy sources

The following sources are **not** considered eligible renewable energy sources under the Renewable Energy Development Program:

- + fossil fuels
- + materials or waste products derived from fossil fuels
- + native forest bio-material¹.

Ineligible projects

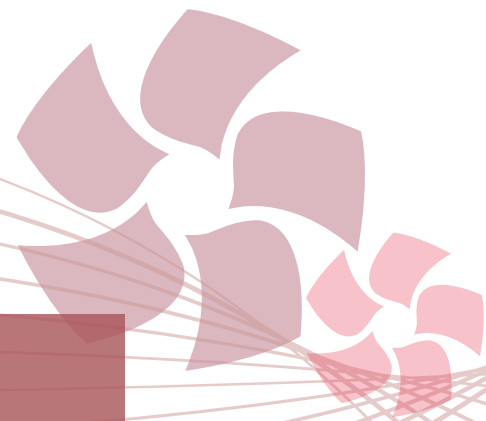
Funding will not be provided for projects which:

- + are research and development only
- + reduce greenhouse gases from transportation energy
- + would reasonably be expected to proceed without assistance from the Fund, including those sufficiently cost effective to implement without funding assistance
- + are eligible for funding under other programs of the Climate Change Fund (eg Public Facilities Program, Green Business Program). Applicants should contact DECC for guidance on this issue.

Use of non-standard fuels

DECC encourages the beneficial use of waste materials for energy recovery where such use does not create a different environmental problem or an unacceptable impact on the environment or human health. Where a non-standard fuel is proposed, it must meet the requirements outlined in DECC's Guidance Note for the Assessment of Non-standard Fuels, available at <http://www.environment.nsw.gov.au/resources/nonstandardfuel05149.pdf>

¹ For definition of native forest bio-material see *Protection of Environment Operations (General) Regulations 1998*



How will projects be assessed?

Applications to the Renewable Energy Development Program will be assessed in two stages:

Stage 1: Expression of Interest (EOI)

Stage 2: Detailed Application (by invitation based on EOI)

Stage 1: Expression of Interest

Applicants submit Expressions of Interest addressing the selection criteria given on page 7 and following the instructions in this Guide.

An independent Evaluation Panel consisting of members with relevant business, technical and energy expertise will assess the Expressions of Interest against the identified criteria. The Evaluation Panel will short-list the EOIs. All applicants will be advised of the outcomes of their EOI.

Stage 2: Detailed Application

Successful applicants will be asked to submit a more detailed application addressing the selection criteria outlined on page 9-10. The application form for Stage 2 and full instructions will be provided to those applicants invited to proceed to this stage.

The Evaluation Panel will assess Detailed Applications against the selection criteria. Applicants may be requested for additional information to substantiate eligibility and claims made in the application. The Panel may request presentations from applicants regarding their project.

The Panel will make recommendations for funding to the Minister for Climate Change, Environment and Water.

The level of funding will be determined on a project-by-project basis, limited to the amount required to make a project viable rather than total funding for a project.



Expressions of Interest – selection criteria

In the first stage of applying to the Renewable Energy Development Program, applicants submit an Expression of Interest (EOI) detailing their capacity to deliver the proposed project, the technical viability of the proposal and the market transformation and commercial potential.

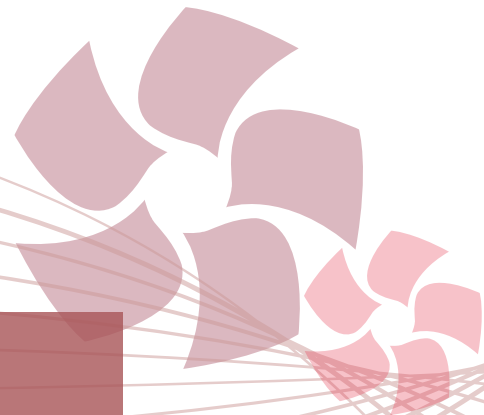
All applications must meet the selection criteria outlined in this section.

Essential criteria:

Energy generation	All projects must generate electricity or displace grid electricity use in NSW for stationary energy purposes.
Capacity to deliver	Applicants must demonstrate capacity to deliver proposed project with brief evidence of: <ul style="list-style-type: none">+ necessary resources and management through partnerships and appropriately qualified and experienced personnel, including with relevant expertise in commercialisation of products and services+ sound planning and financial administration.
Technical viability	Applicants must demonstrate technical viability of project including brief information on: <ul style="list-style-type: none">+ equipment and facilities required to undertake project+ technical risks and how they will be managed+ results of pilot trials or other relevant research and development.

Key selection criteria:

Market transformation and commercial potential	Project's potential to create lasting structural changes in the marketplace for the increased adoption of renewable energy technologies suitable for NSW with brief information on: <ul style="list-style-type: none">+ applicant's track record in the specific technology and/or commercialisation of innovative ideas+ how the technology will be commercialised+ collaboration with network service providers, partners, universities, research or other relevant organisations.
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Lodging an Expression of Interest

How do you apply?

Download an EOI form (Excel ZIP file) from the DECC website at www.environment.nsw.gov.au. Save the Zip file to your desktop before opening it. See Page 12 for detailed instructions on completing the EOI form.

Complete the EOI form electronically and email to the address provided before the closing date (files larger than 5 MB should not be emailed but copied to CD and delivered to DECC as a soft copy by the closing date).

The EOI form can also be submitted by post, although electronic submission is preferred. If you choose to send your application by post, you must provide both a hard copy and a soft copy (CD or USB flashdrive).

Please do not convert your EOI to a pdf as the EOI forms will be uploaded into a database.

When to apply

Applications must be received by 5pm on the closing date for the round as posted on the DECC website. No applications will be accepted after the published closing date.

Where to lodge your EOI

Email (preferred)

red@environment.nsw.gov.au

OR post to:

Funds Manager
Water and Energy Programs
Department of Environment and Climate Change
PO Box A290
SYDNEY SOUTH NSW 1232

OR hand deliver to

Funds Manager
Water and Energy Programs
Department of Environment and Climate Change
Level 14, 59-61 Goulburn St
SYDNEY NSW 2000

Who to contact if you need help

If you require further help with your EOI please phone (02) 9995 6337, or email fundsmanager@environment.nsw.gov.au

Letting you know

After your EOI form is registered, we will write to you confirming its receipt. Emailed EOIs will receive an auto-acknowledgement on successful electronic delivery.

After the closing date, the EOI will initially be checked to ensure it is eligible and sufficiently complete.

Late, ineligible or incomplete EOIs will not be assessed.

We may contact you for further information about your application during the assessment process.

All applicants will be advised of the outcome of their application. Successful applicants will be invited to submit a Detailed Application. Feedback will be available for unsuccessful applicants following announcement of successful EOIs. It is strongly recommended that feedback is obtained prior to re-applying in future rounds.

Detailed Application – selection criteria

The second stage of applying to the Renewable Development Program is **by invitation only**. If your EOI is successful, you will be invited to submit a Detailed Application.

The application form, Guide and full instructions will be provided to those applicants invited to proceed to the second stage. This summary below has been provided to help applicants understand the overall requirements for funding under the Renewable Energy Development Program.

Applicants will be asked to provide more detail on the selection criteria already covered in the Expression of Interest and also address additional selection criteria, as outlined below.

A detailed project plan and budget (including cashflow) will also be required. Applicants will be asked to indicate why the project would not proceed without funding assistance, taking into account any financial savings from implementing the project and whether they have considered other forms of finance. Applicants are encouraged to seek funding from other sources.

Essential criteria:

Applicants will be required to demonstrate:

Energy generation	All projects must generate electricity or displace grid electricity use in NSW for stationary energy purposes.
Capacity to deliver	Capacity to deliver proposed project, including: <ul style="list-style-type: none"> + sound business plan + sound planning, including a clear process to obtain all necessary statutory approvals and permits + appropriate management capability, including adequate project control methods and monitoring of outcomes + necessary resources through <ul style="list-style-type: none"> – appropriately qualified and experienced personnel including relevant expertise in the commercialisation of products and services – partnerships + sound financial administration to complete, operate and maintain the project.
Technical viability	Technical viability of project including: <ul style="list-style-type: none"> + details of equipment and facilities required to undertake the project + understanding of technical risks and/or uncertainty and how they will be managed + engineering calculations including assumptions, input data and methodology + manufacturer's specifications and other third party accreditation of performance + results of pilot trials and/or other relevant research and development.

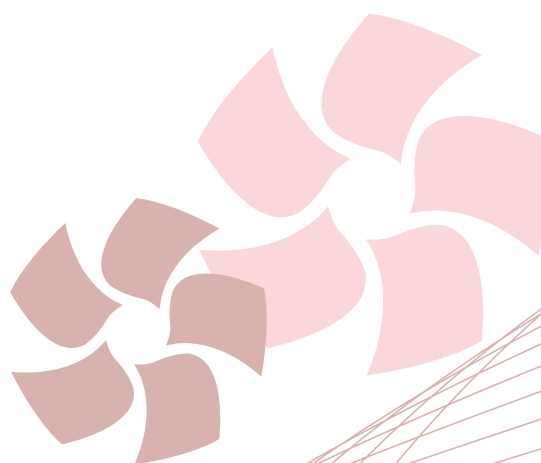
Key selection criteria:

Market transformation and commercial potential	<p>Project's potential to create lasting structural changes in the marketplace for the increased adoption of renewable energy technologies suitable for NSW through:</p> <ul style="list-style-type: none">+ applicant's track record in the specific technology and/or commercialisation of innovative ideas+ a sound commercialisation strategy+ demonstrated level of collaboration with network service providers, partners, universities, research or other relevant organisations.
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Additional selection criteria:

Projects will also be assessed against the following additional criteria:

Innovation	Degree to which this project demonstrates the application of a new technology or the new application of an existing technology.
Cost effectiveness	<p>Level of cost effectiveness (funding sought divided by total savings over ten years). Total savings include reductions in:</p> <ul style="list-style-type: none">+ overall electricity consumption (MWh)+ summer and/or winter peak demand (kW)+ greenhouse gas emissions (tonnes of CO₂-e).
Economic and other benefits	Economic benefits to NSW including industry development and/or job creation and any other benefits.





Other information

Funding Agreements

Successful applicants will be required to enter into a performance based Funding Agreement which will stipulate all funding obligations and conditions. The Funding Agreement will include a project Budget, Milestone and Payments Schedule and Measurement and Verification Plan.

Applicants are advised to read the sample agreement before submitting an application as variations to the standard clauses will not be considered. A sample Funding Agreement for the Renewable Energy Development Program can be downloaded from the DECC website.

DECC will monitor progress of projects. Funding will be provided in staged payments with continuing payments depending on satisfactory progress. Fund recipients must use the monies solely for the purpose of carrying out the project. Statements of Expenditure will be part of the project's reporting requirements. Any unexpended monies must be repaid to the Program.

We expect your project to be fully implemented within three to five years of receiving the first payment of funds. Ongoing funding beyond the initial approved amount will not be provided.

Confidentiality

DECC will use the information you supply to assess your project for funding. Information on funded projects may be used for promotional purposes.

We will endeavour to treat sensitive personal and confidential information that you provide to us confidentially. If you require strict commercial confidentiality, you should request this in your application. However, all documents held by DECC are subject to the *Freedom of Information Act 1989*.

Tax

Goods and Services Tax (GST) applies to payments made under the Renewable Energy Development Program, provided the recipient is registered for GST. However, some grants of financial assistance may be subject to income tax in the hands of certain recipients. It is therefore recommended that potential recipients seek independent legal and financial advice if uncertain of their taxation obligations.

Intellectual Property

The applicant must own or be able to lawfully use any Intellectual Property required to carry out the project and upon request by DECC, do all things necessary to vest title to Intellectual Property created by the project to DECC.

Insurances and indemnity

The applicant will be required to hold broad form public liability insurance (minimum limit of \$20,000,000) and, where applicable, professional indemnity insurance and workers' compensation insurance. The applicant will be required to indemnify DECC for all losses and/or damage arising from the project.

Program changes

DECC reserves the right, at its sole and absolute discretion and at any time, to change the eligibility and selection criteria for the Renewable Energy Development Program. The current eligibility and selection criteria for the Renewable Energy Development Program under the Climate Change Fund are published in the Guide for Applicants on the DECC website.



Instructions for EOI form

The following information has been prepared to help you to complete the EOI Form. If you require further assistance, call DECC on (02) 9995 6337.

Downloading the EOI form

The Expression of Interest (EOI) form contains macros which automatically calculate data you provide. Electronic submission of the EOI in this format is required to enable us to upload applications onto our database. To download the EOI form successfully from our website, you may need to:

- + save (extract) the application form directly to your hard drive before opening it
- + temporarily lower your security settings to allow the macros within it to be downloaded
- + select 'adds in' on your toolbar (for Excel 2007 users).

If you would prefer the EOI form to be sent directly to you, please send a request by email to fundsmanager@environment.nsw.gov.au

PART A: APPLICANT DETAILS

1. Name of applicant

This is the company/organisation/legal name of the applicant. The trading name of the applicant may be different to the legal name of the organisation, and is the name under which the organisation operates. Indicate if your organisation has a trading name you wish to use.

For joint projects involving a number of organisations, specify a lead organisation to be listed as the applicant. All applicants must be legally constituted entities.

2. Postal address

The contact details provided here will be used for all correspondence related to the EOI.

3. Nominated contact

This is the person who will be kept informed about the progress of the application, and from whom additional information may be sought, if required.

4. Is your organisation GST registered?

This will affect how GST is dealt with in the Project Budget (Part F).

5. ABN (Australian Business Number)

Include an ABN if your organisation has one.



PART B: PROJECT DETAILS

6. Project title

In 70 characters or less, provide a title for your project. This is the name of the project that will be used for promotional purposes if your EOI is successful.

7. Project summary

In 100 words or less, provide a synopsis of your project. There is provision later in the EOI form for applicants to explain the project in more detail.

8. Project location (must be located in NSW)

Provide the geographical location where energy will be generated from your project.

9. Project description and plan

Provide a description of the project and a brief project plan. Outline the background of the project and the project objectives. Outline the technology to be employed and its implementation, including a description of energy flows and uses over the project life.

10. Approvals and permits

List any permits or approvals that will be required to run the project and indicate their current status. Indicate whether they have been applied for, their expected approval time, or if they have been granted. The proponent will need to provide a short summary detailing any environmental concerns or impacts associated with the proposal.

PART C: ESSENTIAL CRITERIA

The following criteria are essential and must be addressed by all applicants.

11. Capacity to deliver

Planning and financial administration

Outline the experience and expertise that your organisation has in planning and delivering a project such as this. Outline how sound financial administration will be used to complete, operate and maintain the project.

Key personnel

Provide information on the capacity and relevant expertise of the people who will be involved in developing and implementing the project. Outline what job or function each will perform in this project.

Partnerships

List partners and other participants who will be involved in the project, their role and/or contribution (financial contributions are to be included in the Budget Summary). This may be in-kind use of equipment and time or endorsement of project.

12. Technical viability

Demonstrate the technical viability of the project by providing brief information on:

- + equipment and facilities required to undertake the project
- + technical risks and/or uncertainty and how they will be managed
- + results of pilot trials and/or other relevant research and development.

PART D: SELECTION CRITERIA

EOIs will be assessed against the following key selection criteria:

13. Market Transformation and Commercial Potential

Explain why this technology is at early commercialisation. Explain how this project will create lasting structural changes in the marketplace resulting in increased adoption of renewable energy technologies. Describe the market barriers that will be addressed and how. Include in the EOI brief information on:

- + applicant's track record in the specific technology and/or commercialisation of innovative ideas
- + how the technology will be commercialised
- + collaboration with network service providers, partners, universities, research or other relevant organisations.

PART E: QUANTIFYING ENERGY GENERATED OR DISPLACED

14. Energy Table

Table A – Forecast Renewable Energy Generated or Electricity Displaced

All projects are required to state the amount of electricity that is projected to be generated or displaced on a yearly basis from 2008/09 to 2018/19. In Table A, provide your forecast energy and cost savings or revenue from 2008/09 to 2018/19. The required information is:

- + Electricity generated or displaced in MWh
- + Summer and winter peak electricity demand savings in kW
- + Other energy generated or displaced in GJ
- + Scope 1 non-energy greenhouse gas emission reduction in tCO₂-e. (See below)

Use the drop down menus to select the other energy use type. The application allows for two other energy uses. Where applicants wish to identify more than two other energy uses, contact DECC for assistance. The 'other energy use' sections are required where the project involves changes in energy types other than electricity (eg fuel switching, heat generation).

Greenhouse gas emissions for the identified energy use based upon the December 2006 Factors and Methods Workbook from the Australian Greenhouse Office, will be automatically calculated and shown in the application form.

The 'Scope 1 non-energy greenhouse gas emission reduction' refers to on site, non-energy (non combustion) emissions from waste, fugitive, industrial process or from the agricultural sectors (eg methane). Use the Greenhouse Gas Benchmark Rule (Generation) No.2 in calculating your emission reductions. For more information refer to <http://www.greenhousegas.nsw.gov.au/documents/Rule-Gen-Dec05.pdf>

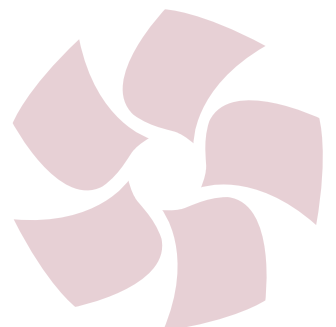
Note that this table records energy generated or displaced. Where there is an increase in other energy uses enter the data as a negative value.

Summer peak demand is defined as afternoons on weekdays in December to February.

Winter peak demand is defined as early evenings in June to August.

If your project will not save or generate energy in the first year (or other years) as you set it up, do not enter any values in this cell of the table.

Support your energy, peak and Scope 1 non-energy greenhouse gas emission reduction figures with calculations, including input data, assumptions and methodology.



PART F: BUDGET

15. Summary of Project Budget

Provide the total project cost and the funding you will be requesting from the Renewable Energy Development (RED) Program. Table 15 automatically calculates the percentage of total funding requested from RED.

If your organisation is registered for GST, do not include any GST in your budget. The fund will add GST to your payment. If your organisation is not registered for GST, include any GST that will incur during the life of the project into the budget.

PART G: DECLARATION

16. Declaration

You are asked to declare that all the information contained in the EOI is accurate. This is done by ticking the box in this section of the form.

EOI checklist

The list at the end of the EOI form is to help you to make sure your EOI is complete and accurately represents your project.