



Government of Western Australia
Department of Water and Environmental Regulation

Department of Water and
Environmental Regulation

Clean Energy Future Fund Round 3

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Manager CEFF
28 March 2024



Welcome. My name is **Ro Richardson**

I manage the **Clean Energy Future Fund** with help from **Energy Policy WA**

Round 3 opened for applications on **21 March** and **closes 10 June**

We are recording the session. The **recording and the slide deck** will be available from our website.

Applicant guidelines already available from website

Agenda

Topic	Time
What Government wants - CEFF objectives What CEFF offers – will the Fund suit your project? <ul style="list-style-type: none">• Key Fund details What CEFF wants – will your project suit the Fund? <ul style="list-style-type: none">• Eligibility criteria (applicant, project and costs)• Merit criteria• Ministerial priorities What next – the process <ul style="list-style-type: none">• How to apply• Assessment process	30 mins
Questions	30 mins

- Fund Objectives – What Government wants
- A few slides about the fund. **Will the fund suit you?**
- A few slides about what we are looking for. **Will you suit the fund?**
- A few slides about the process

Fund Objectives

Wording of Objectives	Link to Merit Criteria
Significant, cost-effective reduction in greenhouse gas emissions below projected (or baseline) emissions as a direct result of the clean energy project	Emissions reduction
Design, deployment, testing or demonstration of innovative clean energy projects likely to deliver community benefits or lead to broad adoption and significant reductions in greenhouse gas emissions	Other benefits + Potential for wider adoption

- This two sentence objective guides how we assess the project’s **benefits**.
- We assess three merit criteria flowing from the objectives.

Key Fund Details

Parameter	Value
Grant size	\$100,000 to \$4 million (GST exclusive)
Total funds available	\$21.7 million over the next three funding rounds
Maximum grant	25% of eligible project costs
Maximum time to spend funds	5 years
Grant payment method	Paid by milestone in arrears
Application closing date	8 am AWST, Monday 10 June 2024
Applicants notified of outcome	Estimated late 2024
CEFF contact details	08 6364 6988 ceff@dwer.wa.gov.au

- If there are sufficient good projects, we can spend more than 1/3 of the available funds now.
- The timing of the outcome depends on how many applications we get.

Eligibility Criteria - Applicant

Eligible Entities

- an Australian corporation or Aboriginal corporation
- a local government entity
- government research organisation
- university
- a consortium with an eligible entity as lead applicant.

Ineligible Entities

- a school
- a trust
- a Federal or State government department
- a sole trader or individual
- an overseas organisation
- an unincorporated association.

Applicant eligibility	Requirements
ABN and GST	Have an Australian Business Number (ABN) and be GST registered.
Sanctions	Must not be listed in the Australian trade sanctions consolidated list.
Fit and proper persons	The members of the management team must be fit and proper persons.
Definition of applicant	The party that signs funding agreement, delivers milestones, receives payments.

We are now in the slides for what CEFF is looking for.

The **green box is for eligible entities** and the **red/amber box is for ineligible entities**.
Most criteria must be met at the **time the funding agreement is signed**.

The members of the management team must be fit and proper persons:

- no disqualification by law from performing their role.
- no conflict of interest or other conflict that may create a material risk that they will fail to properly perform in their management role.
- their legal right to carry out and control the project under consideration.

Sanctions - Australian trade sanctions consolidated list
(<https://www.dfat.gov.au/international-relations/security/sanctions/consolidated-list>).

Eligibility Criteria - Project

Eligible Projects

- reduce greenhouse gas emissions from the production or use of stationary energy
- energy control or management systems
- renewable energy generation
- energy storage
- energy efficiency (can include electrification)

Ineligible Projects

- projects that are already underway.
- ceasing closing down a business to reduce emissions.
- business as usual activities (i.e., normal operation of an existing business or venture).
- early-stage research i.e., Technical Readiness Level 1 to 5 (see applicant guidelines section 10)
- projects not involving specific sites/locations in WA
- energy use for road, rail, waterborne or air transport

Project eligibility	Requirements
Funding limits	Request <= 25% of eligible costs, >=\$100k <=\$4 million
Timing	Notified as winner <= 6 months to sign funding agreement <= 6 months to start project <= 5 years to finish
Technology	Must be permissible by law

- TRL 5 - Laboratory-scale, similar system validation in relevant environment
- TRL 6 - Engineering/pilot-scale, similar (prototypical) system validation in relevant environment

Eligibility Criteria - Costs

Eligible Costs

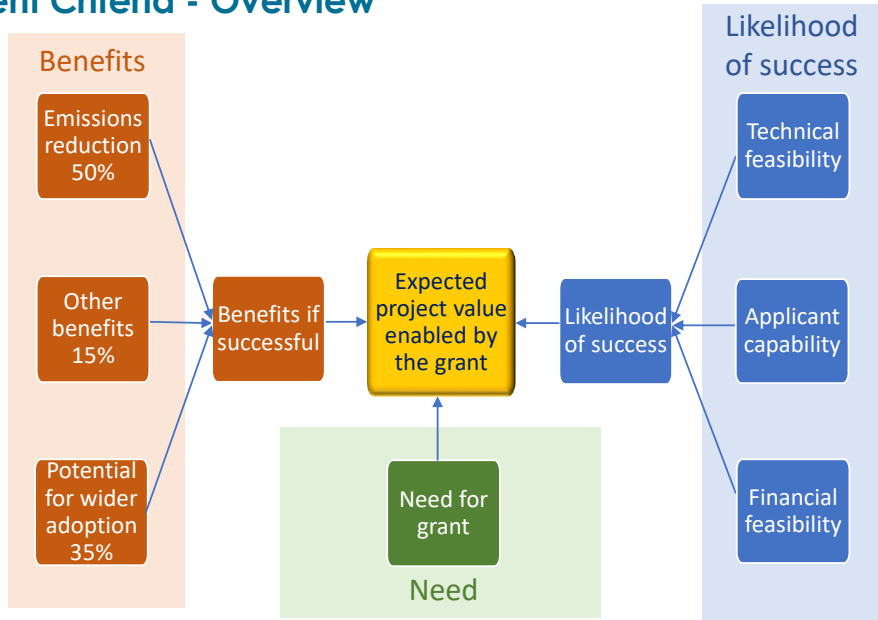
- Capital costs of equipment for the project
- Essential enabling equipment
- Essential non-equipment expenditure including design, professional services, transport, installation
- Project management and grant administration costs

Ineligible Costs

- Purchase of land
- Venture capital extended to third parties
- Purchase of carbon credits
- Costs associated with core business or business-as-usual activities
- Works already financially committed, underway or completed when the funding round closes
- Applying for the grant or entering the funding agreement

The grant can be a maximum of 25% of eligible costs.
Applicant guidelines has more detail.
Eligible costs are listed in the funding agreement.

Merit Criteria - Overview



- For a project to offer **good value for taxpayer money**, it must have **strong benefits**, be **likely to succeed with the grant**, and **need the grant** to succeed.
- The **benefits match the fund objectives**.
- The three **benefits categories are rated and weighted** to get the benefits rating.
- The likelihood of success and need for the grant are **assessed as percentages**.
- This is like **risk registers** where the impact and likelihood of the risk are multiplied to get risk rating.

Merit Criteria – Benefits - Emissions Reduction 50%

Attribute	What is measured
Quantity	The number of tonnes of CO ₂ equivalent saved each year, by 2030, by 2050 and over the project lifetime
Price	The CEFF cost, and total project cost, for each tonne saved
Completeness	The percentage of emissions that are removed from the process or facility
Residual emissions	Plans or options to reduce residual emissions to meet net zero targets

- The **financial model spreadsheet** will help you calculate these values.
- Projects that **begin their emissions saving early** achieve more by 2050.
- 1 tonne/year from 2025 gives 25 tonnes by 2050
- 1 tonne/year from 2045 gives 5 tonnes by 2050
- So we include **savings by 2030** in the assessment.

Merit Criteria – Benefits - Potential for Wider Adoption 35%

Attribute	What is measured
Knowledge sharing	The extent and value of knowledge that will be shared.
IP management	The extent and value of intellectual property to be licensed to others.
Innovation	The degree of innovation or the extension beyond common practice in WA
Cost reduction and replication	The potential for cost reductions for future projects and the likelihood of similar projects by the applicant or by others
Ongoing commitment	Assesses the applicant's ongoing commitment to the project, the technology and future projects
Competitiveness	What are the technical and financial advantages and disadvantages of this technology against existing or developing competitors

- Government wants maximum benefit from knowledge gained in projects it helps fund.
- If knowledge is commercial **in confidence**, share it through IP management, otherwise share it freely.
- Ideally a **small grant will be enough to make the project viable** and
- **Learnings from the first project** will make future copies of the project viable without a grant.
- Ongoing commitment measures commitment to this project, but also to the technology and future deployments.

Merit Criteria – Benefits - Other Benefits 15%

Potential benefits	Examples
Environmental benefits	reduced pollution (except greenhouse gases)
Benefits to the electricity network	grid stability or long-duration energy storage or ancillary services
Economic development	jobs or new industries, or increased supply chain resilience
First Nations benefits	employment, economic empowerment, or other benefits
Hard-to-abate industries	The extent to which the emissions reductions are in hard-to-abate industries
Value chain benefits	Benefits to suppliers or customers
Any other benefits	Any other benefits to the WA economy

- These are just examples, tell us about your project’s benefits.

Merit Criteria – Likelihood of Success – Technical Feasibility - 1

Attribute	What is measured
Project complexity	<ul style="list-style-type: none">• different disciplines, technologies or expertise areas that are needed• external factors beyond your control• potential regulatory or compliance requirements• range and number of stakeholders
Technology maturity	<ul style="list-style-type: none">• How complex are the main innovations of the project• Which tools or technologies exist, and which must be developed• What is the Technology Readiness Level of the project
Realistic timeframe	<ul style="list-style-type: none">• What factors influence the start date• What factors influence the duration or finish date?• How confident are you in these dates, and what are the consequences of taking longer?

- **Blue colour** means we are now assessing likelihood of success.
- This section is looking at **how difficult** it will be to complete the project.

Merit Criteria – Likelihood of Success – Technical Feasibility - 2

Attribute	What is measured
Clarity of scope	<ul style="list-style-type: none">• What are the project’s goals and deliverables?• What is in scope?• What is out of scope?• What scope is still to be determined?
Risk and insurance	<ul style="list-style-type: none">• Upload risk register using supplied template.• What insurances are needed for the project and what is their status.
Climate change	How will you mitigate risks of climate change (floods, droughts, fires, heatwaves, etc.) on the project over its life?

- Adding extra scope during a project can often blow out budgets or timelines.
- Strong identification and **management of risks** makes a project more attractive to funders.

Merit Criteria – Likelihood of Success – Applicant Capability

Attribute	What is measured
Expertise and track record	List the expertise, capability and track record of the organisation, key staff and partners.
Governance and project partners	How will you oversee, account for and control the project, and partners and how project decisions will be made?
Project delivery plan	How do you plan to manage delivery of the project and to evaluate its success?

- This is where you show us that you are up to the task of delivering this project.
- Innovative or risky projects that score low on technical feasibility need extra capable applicants.

Merit Criteria – Likelihood of Success – Financial Feasibility

Attribute	What is measured
Funding sources	Detail in financial model. High level information on likelihood of securing funds in application form. Can the capital be found?
Financial model	Are assumptions realistic? Are the validations showing any issues? Would the grant be sufficient? Once the project is built, is it viable to operate?
Other financial feasibility info	Other supporting evidence that the project capital can be found, and the project will be viable.
Other likelihood of success info	Is there any other information on the project's likelihood of success?

- Grant sufficient – enough to **get the project across the line** for other funders. Rate of return with grant at least the threshold for investment.

Merit Criteria – Need for the Grant

Attribute	What is measured
Project status	Has it already started? what financial or other commitments have been made?
Are emissions reductions additional?	Are the emissions reduction over and above any legal requirements to reduce emissions?
Threshold for investment?	Is the project viable without the grant?
What happens without a grant?	Can you run a smaller or less ambitious project without a grant?
Other info	Any other reasons the project needs the grant.

- Additionality is not black/white
- If the internal rate of return without the grant is more than your investment threshold, explain why you need the grant.

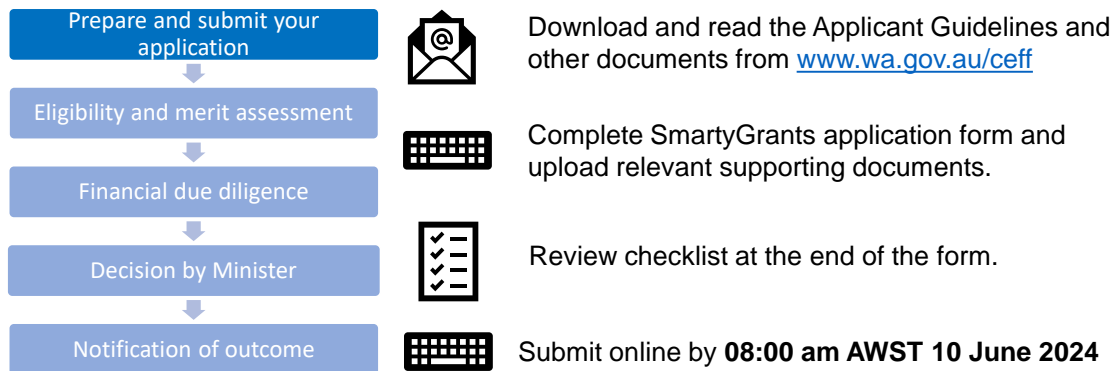
Ministerial Priorities

The Ministerial Priorities are for innovative clean energy projects:

- led by First Nations people.
- in regional or remote Western Australia on fringe of grid or off-grid.
- that improve the security and resilience of networked electricity supply.
- that support decarbonisation of existing industry and the development of new, low-emissions industries.
- enhance energy efficiency and reduce emissions from the built environment or manufacturing.
- that replace diesel electricity generation with renewable energy.

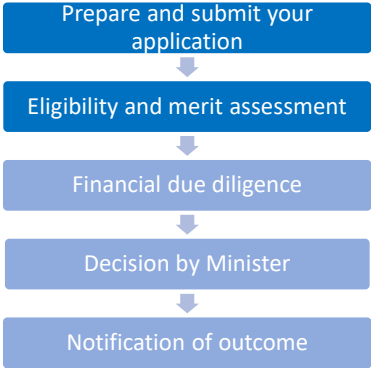
- Clean energy projects led by First Nations people that put their communities at the centre of development, design, implementation, and benefit-sharing.
- Innovative clean energy projects in regional and remote Western Australia. Regional and remote Western Australia means projects that are at the fringe of, or are not connected to, the South West Interconnected System or the North West Interconnected System.
- Clean energy projects that improve the security and resilience of networked electricity supply in line with the Distributed Energy Resources Roadmap.
- Clean energy projects that support decarbonisation of existing industry and the development of new, low -emissions industries in Western Australia
- Projects that enhance energy efficiency and materially reduce emissions from the built environment or manufacturing.
- Clean energy projects that support the replacement of diesel electricity generation with renewable energy.

How to Apply



- **SmartyGrants timeout issue.** – Application form notes as an option to prepare your answers – copy across to SmartyGrants
- If you submit, then need to make changes – **CEFF can re-open your application on request.**

Assessment Process



Applicants may be asked clarification questions at this stage if required

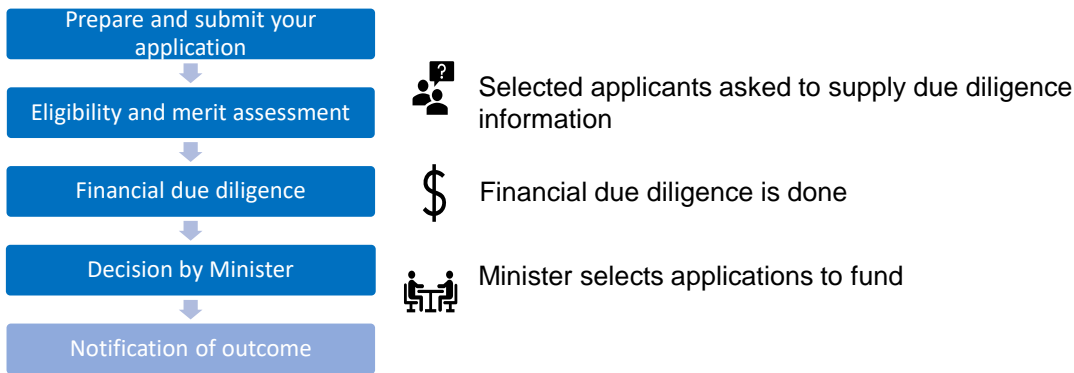


Applications assessed against eligibility and merit criteria, and alignment with the Ministerial priorities.

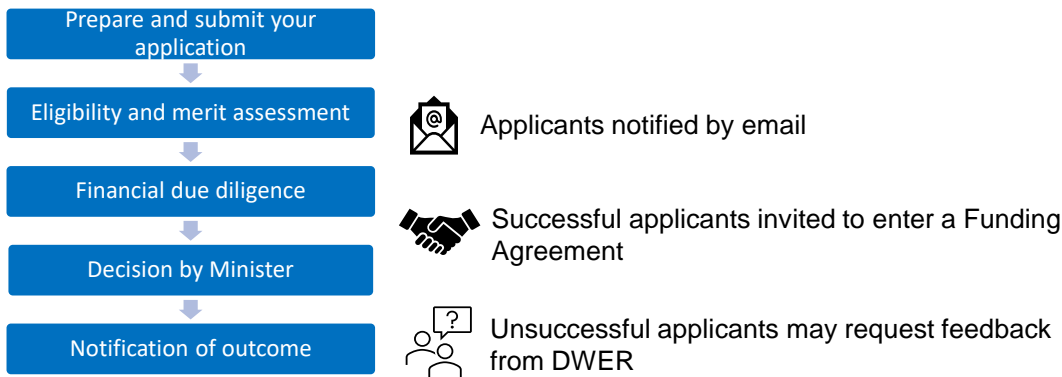


High merit applicants are selected.

Assessment Process – Due Diligence



Assessment Process – Notification



Questions

Agenda - CEFF R3 Financial Model

Topic	Time
<ul style="list-style-type: none">Financial Model ObjectivesConventions and ColoursSequence of StepsProject Model TabFunding TabInput-Output Explorer TabOther Tabs	30 mins
<ul style="list-style-type: none">Questions	30 mins

Financial Model Objectives

Reasons CEFF uses the financial model
Clarity on project scope, costs etc.
Comparable data across applications
Comparable data across project/technology types
Assessment of project emissions, energy and financial viability
Capturing reasoning or sources for each assumption
As a tool for applicants to optimise their projects
To build confidence in the planned project

- The first section is looking at direct emissions reduction from the project, whereas the second is looking at secondary benefits from developing technologies or getting wider adoption.

Conventions and Colours

Colour coding
Green is for user input.
Light green is for values with a default but you can type over.
Peach is for energy.
Grey is for greenhouse gas (CO2 equivalent) emissions.
Gold is for money.
Yellow highlighting is for values typed over a formula.

- All money numbers are excluding GST
- Use the “Justification for assumptions” column

Sequence of Steps

Project Model	1 Construction or capital costs 2 Timing and grant allocation 3 Operating inputs or costs 4 Operating outputs or savings 5 Decommissioning 6 Net benefits (outputs less inputs) 7 Cash flow
Funding	8 Funding 9 CEFF parameters
Input-output Explorer	10 Validation 11 Project summary 12 Assumptions
Other tabs	13 In-kind contributions 14 Milestone Table 15 Charts



The Main Tabs – Show in Excel

Questions

Thank you

