

Net Zero Industry and Innovation

High emitting industries funding guidelines 2022–2024



Office of Energy and
Climate Change

October 2022





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Introduction

Introduction

Delivering net zero industry and innovation

Fifty-five industrial facilities in the manufacturing and mining sectors contribute approximately 30% of emissions in NSW. We have committed \$305 million under high emitting industries to support these sectors to significantly reduce their emissions and strengthen their resilience into the future.

High emitting industries is a core focus area of the [Net Zero Industry and Innovation Program](#) (NZIIP), and a cornerstone of the [Net Zero Plan Stage 1: 2020–2030](#) (the Plan).

Along with high emitting industries, the development of clean technologies and industrial decarbonisation are pivotal to ensuring these 55 facilities and broader industries remain resilient and competitive in a global low carbon economy.

NZIIP has 3 focus areas to address this:

- high emitting industries (HEI)
- new low carbon industry foundations (NLCIF)
- clean technology innovation (CTI).

These funding guidelines concentrate on high emitting industries.

While each area has specific objectives, they work together to reduce industrial emissions and help NSW businesses succeed in a low carbon world. Figure 1 shows how these focus areas combine to cover the full ecosystem of industrial decarbonisation.

Purpose of these guidelines

These guidelines provide information to applicants seeking to apply for HEI funding, including:

- eligibility and merit criteria
- the assessment processes
- how funding will be awarded and managed by the Office of Energy and Climate Change (the office).

These guidelines should be read in conjunction with the [NZIIP investment plan 2022–2024](#), frequently asked questions and other documents published on our [website](#).

NOTE: Definitions of key terms used in these guidelines are provided in [Appendix A](#).



Net zero industry and innovation

Over \$1 billion to support and partner with industry to reduce emissions and help NSW businesses prosper in a low carbon world.

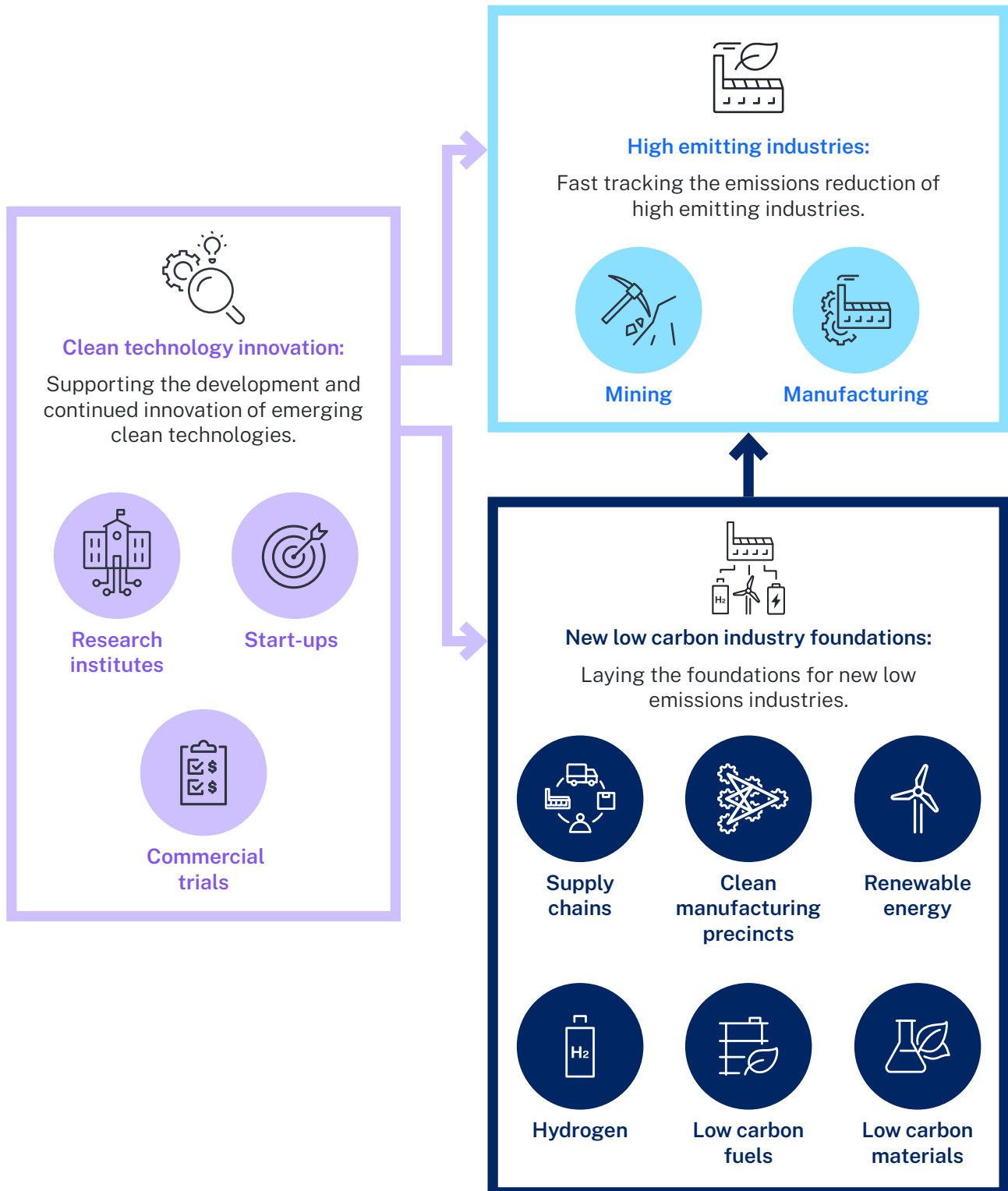


Figure 1 Net zero industry and innovation program structure

Funding objectives

High emitting industries funding will help NSW achieve significant and sustained industrial emissions reductions, through the following 3 objectives. See Figure 2.

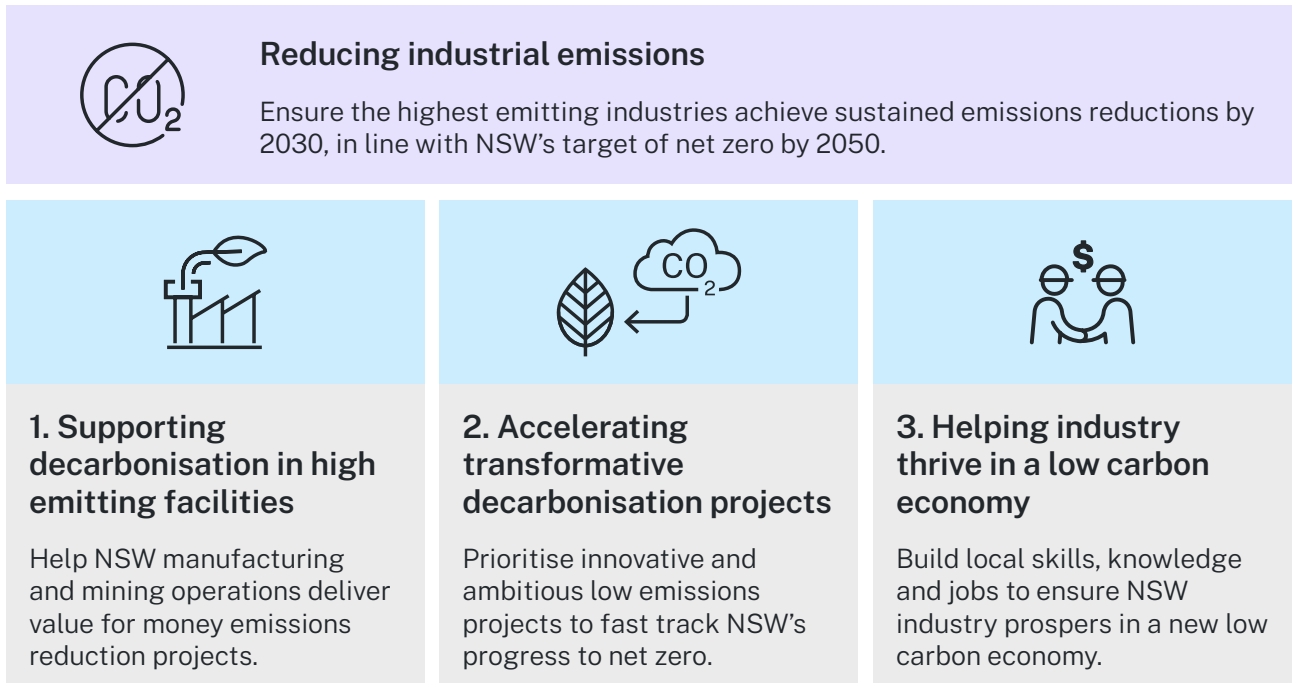


Figure 2 Three objectives of HEI funding





About the funding

About the funding

Funding opportunity

We will provide funding support for high emitting manufacturing and mining facilities in NSW that emit more than 0.09 MtCO₂e per year¹ to reduce their emissions beyond current projections. Funding is available to support the development and deployment of decarbonisation projects that prioritise scope 1 emissions reduction. This funding covers project feasibility through to commissioning as detailed in Figure 3. All projects must be aligned with credible decarbonisation roadmaps and deliver emissions reduction that exceeds legislative requirements.

Eligible projects

Overview

Two types of projects, pre-deployment and deployment, will be supported under HEI funding to accelerate adoption or to implement technically ready decarbonisation opportunities.

By 30 June 2030 all:

- pre-deployment projects must be completed
- deployment projects must be fully commissioned and operational.

Pre-deployment projects

The aim of these projects is to accelerate deployment of technologies that can significantly reduce Scope 1 emissions, aligning with Priority 2 in the NZIIP investment plan 2022–2024. Pre-deployment projects include, but are not limited to:

- late-stage feasibility studies
- commercial trials
- business case development
- front-end engineering and design.

The opportunities to be studied or tested should be technically ready with a commitment from the organisation to be implemented.

NOTE: Projects with higher levels of commercial maturity are preferred.

Deployment projects

The aim of these projects is to achieve significant decarbonisation at NSW manufacturing and mining facilities. In line with Priority 1 in the NZIIP investment plan 2022–2024, these projects are required to be technically ready and commercially proven decarbonisation opportunities. Cost-effective emissions reduction projects must align with long-term decarbonisation pathways to be eligible to receive NSW Government capital co-funding support.

NOTE: Scope 1 emissions reduction projects are preferred.

¹ According to National Greenhouse and Energy Reporting (NGER) scheme data.



■ Not supported by HEI funding

■ Pre-deployment projects

■ Deployment projects

Figure 3 Activities supported by HEI funding

Joint program opportunities

Applicants seeking HEI funding must contribute at least 50% of the eligible costs of the project. Higher contributions are preferred. Co-contribution can be provided by the applicant's organisation or through arrangements with partner organisations not affiliated with the NSW Government.

Where possible, we will endeavour to streamline the application process for joint funding. Joint funding applications will be assessed on a case-by-case basis. Applicants will need to consent to the application and other associated information being shared with any other government entities under a joint funding program.

Two-stage process

Overview

Application and assessment processes for HEI funding are non-competitive and applications will be assessed as we receive them. The application process for projects consists of the following two stages.

Stage 1: Fast-track assessment

The first stage allows you to submit a shorter, high-level application outlining the key elements of your project for consideration by a technical review committee. During this process there is no need for you to provide a detailed breakdown and analysis. This stage will enable us to:

- provide faster feedback
- discuss with applicants any additional project elements which may be needed prior to the project progressing to Stage 2.

Stage 2: Full application

The second stage requires you to provide a thorough, detailed project proposal that clearly outlines how the project addresses all Stage 2 eligibility and merit criteria. Stage 2 applications will be assessed and scored by a technical review committee prior to a final determination being made regarding the outcome of the application and the level of funding awarded, should your application be successful.

NOTE: In some cases, we may waive the requirement for a Stage 1 application. For example, we may waive the requirement if you have previously accessed funding to conduct a pre-deployment project.

Application timeframe

HEI funding will open for applications in October 2022 and a rolling assessment process will be implemented over a period of 2 years. This means that applications can be submitted at any time and they will be assessed immediately following receipt. We expect that Stage 1 reviews will take 4 to 6 weeks and if successful, we will invite you to submit a full application. The timeframe for Stage 2 reviews will vary and will be dependent on the amount of funding requested by the applicant and the complexity of the project.

In response to technology developments and to inform the market on program investment priorities, the funding guidelines and the NZIIP investment plan will be updated every 2 years. The next funding guidelines and the NZIIP investment plan will be published in 2024.

Additional information

For up-to-date information on this HEI funding opportunity, please visit our [website](#).

If you have any questions about this funding opportunity, please email us at emissionsreduction@environment.nsw.gov.au.



Eligibility and merit criteria

Eligibility criteria

Overview

To be eligible for HEI funding, an application must meet all eligibility criteria in both the fast-track assessment (Stage 1) and full application (Stage 2) stages. These eligibility criteria apply to both pre-deployment and deployment projects.

NOTE: Evidence requirements for eligibility and merit criteria are listed in [Appendix B](#).

Eligibility criteria 1: Eligible applicant

The applicant must:

- have an Australian Business Number (ABN)
- confirm that they are an Australian entity duly incorporated under the [Corporations Act 2001 \(Cth\)](#). Hold and comply with all necessary authorisations that are material to the conduct of the business of the applicant
- be classified under the [Australian and New Zealand Standard Industrial Classification \(ANZSIC\)](#) codes of manufacturing or mining
- hold all insurances required by law, including public liability insurance and workers compensation
- materially comply with all:
 - obligations under employment contracts, industrial agreements and awards
 - codes of conduct and practice relevant to conditions of service and to the relations between the applicant and the applicant's employees
 - applicable Workplace Health and Safety legislation.
- 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
- not be listed on the Australian Government [Department of Foreign Affairs and Trade sanctions consolidated list](#)
- disclose any legal proceedings or investigations, including litigation, arbitration, mediation, or conciliation taking place, pending or (to the best of the applicant's knowledge, after having made proper enquiry) threatened against you or a related body corporate (as defined in the Corporations Act) (Claims) to the extent that such Claims either:
 - affects, could affect, or be perceived to affect, the reputation of the State of New South Wales (including its officers, Ministers and employees)
 - conflicts with, may conflict with, or be perceived to conflict with the potential funding or your obligations under the funding agreement or project more generally
 - relates to an Authority investigating the applicant's compliance with any law, regulation or legislation
 - relate or arise from any issues relating to Environmental Protection Licences issued through the [NSW Environmental Protection Agency \(EPA\)](#)

Eligibility criteria 1: Eligible applicant (continued)

- impacts (materially or otherwise) the applicant’s ability to comply with its obligations under the funding agreement or to complete the project.
- agree to comply with any further requests for information by the office
- disclose all Australian state government, territory government and Commonwealth Government grants applied for in relation to the project, including
 - applications made over the last 5 years (including both successful and unsuccessful applications)
 - be the legal and beneficial owner of, or have all necessary rights to use and licence, any intellectual property necessary to carry out the project
 - have a public commitment to decarbonise the facility from the executive/board level.

Eligibility criteria 2: Eligible project

The applicant must confirm that the project:

- will occur in NSW
 - will be fully completed (pre-deployment projects) or fully commissioned and operational (deployment projects) before 30 June 2030
 - will be implemented at a facility that emits more than 0.09 MtCO₂e pa (according to the National Greenhouse and Energy Reporting (NGER) scheme data from 2018–2019 onwards)
 - will include co-investment of at least 50% of the eligible costs (see [Appendix C](#)) of the project by the applicant’s organisation or through arrangements with partnering organisations that are not affiliated with the NSW Government. Higher cash contributions towards eligible costs are preferred
- NOTE: Cost breakdown and assessment is covered in the merit criteria section.
- continues to align with existing long-term strategy for business operations at current capacity or above its operating capacity beyond 2030
 - has a commitment from the organisation (at an executive/board level) to be implemented, should the pre-deployment project prove the viability of the opportunity
 - NOTE: This only applies to pre-deployment projects.
 - aligns with a published or credible decarbonisation roadmap for the applicant’s sector, business, facility, or region which includes technical and/or commercial considerations for decarbonisation
 - will result in a decrease in emissions intensity of production
 - requires NSW Government co-funding to proceed
 - delivers emissions reduction that exceeds any applicable legislative requirements.



Merit criteria

Overview

This section sets out the merit criteria that applications will be assessed against.

Each merit criterion has been divided into Stage 1 and Stage 2 application requirements. Your application needs to respond to the aspects of the criteria relevant to each stage.

If applying for pre-deployment projects, you should describe how the project would contribute to emissions reductions, and any other relevant outcomes if the project is adopted at full commercial scale.



Merit criterion 1: Emissions reduction to be achieved

Stage 1: Fast-track assessment	Stage 2: Full application
<p>Outline forecast annual facility emissions, projected emissions reduction and emissions intensity reduction attributable to the project.</p> <p>NOTE: Project funding will prioritise scope 1 emissions reduction. Emissions must be broken down into Scope 1 and Scope 2 emissions and include the level of uncertainty that the stated emissions reduction will be achieved.</p>	<p>Provide evidence to justify forecast annual facility emissions, projected emissions reduction and emissions intensity reduction attributable to the project. Emissions reduction must be broken down into:</p> <ul style="list-style-type: none"> • annual emissions reduction in 2030 • total cumulative CO₂e emissions reduction to 2030 and 2030–2050 • total annual emissions reduction over the lifetime of the project. <p>Emissions should be broken down into emissions type (e.g. CO₂, CH₄, N₂O, fluorinated gases), Scope 1 and Scope 2 emissions. It should also include a sensitivity analysis on the estimated emissions reduction that will be achieved.</p> <p>Outline how the impacts of the project will be measured and verified to international standards, e.g. the latest version of ISO 14064-2, WRI & WBCSD Greenhouse Gas Protocol.</p> <p>Reporting of emissions and emissions reduction must be completed by a qualified professional or reviewed independently by a qualified professional, see Appendix D.</p> <p>If the project is sourcing funding from another funding body, outline the emissions reduction and emissions intensity reduction attributed to each potential funding source.</p> <p>Ensure that all relevant emissions calculations, assumptions and methodologies comply with the guidance provided in Appendix D.</p> <p>NOTE: Project funding will prioritise scope 1 emissions reduction.</p>

Merit criterion 2: Technical feasibility of the project

Stage 1: Fast-track assessment	Stage 2: Full application
<p>Describe the project, including information on any technology to be commissioned and if it has been deployed elsewhere.</p>	<p>Provide details of the project, including information on any technology to be commissioned including design, methodology and other engineering documentation, i.e. any peer reviews.</p> <p>Explain whether the project has been deployed elsewhere and provide details on the effectiveness of the proposed technology.</p> <p>Outline information on project compliance with relevant local, state, and federal regulatory requirements.</p>

Merit criterion 3: Financial feasibility of the project and value for money

Stage 1: Fast-track assessment	Stage 2: Full application
<p>Outline the total capital and operating costs over the project lifetime.</p> <p>Demonstrate why the amount of funding requested from the NSW Government is essential for the project to proceed.</p> <p>If applicable, outline potential funding contributions from other sources, including the Australian Renewable Energy Agency (ARENA), Clean Energy Finance Corporation and others.</p>	<p>Outline the financial case of the project (with and without NSW Government capital co-funding). This must include an analysis of return on investment, and total capital and operating costs over the project lifetime.</p> <p>Outline the cost of carbon abatement (\$/tCO₂e abated) of the project.</p> <p>Demonstrate why the amount of capital co-funding requested from the NSW Government is essential for the project to proceed.</p> <p>Outline actual funding contributions from other sources (e.g. finance from the Clean Energy Finance Corporation), including:</p> <ul style="list-style-type: none"> • how these funds will be allocated • what stage of negotiation they are at • any contractual project milestones. <p>This outline should also include proposed strategies for Australian Carbon Credit Unit (ACCU) generation, attribution and/or sales.</p> <p>Outline when NSW Government capital co-funding would be requested and justify the timing if funding is requested before project completion and verification of carbon abatement.</p>

Merit criterion 4: Project delivery

Stage 1: Fast-track assessment	Stage 2: Full application
<p>Demonstrate capacity and capability of applicant and project partners to undertake the project on time and budget, including support from supply chain and finance partners.</p>	<p>Demonstrate capacity and capability of applicant, proposed contractors, and project partners to undertake the project on time and budget, including track record of similar projects.</p> <p>If applicable, provide evidence of support for the project from supply chain partners.</p> <p>Applicants should provide a credible procurement pathway in relation to all key project agreements, e.g. engineering procurement and construction. The pathway should include a procurement timeline, procurement options as well as consideration of procurement risks and mitigations.</p> <p>Provide a risk register demonstrating an understanding of all risks associated with the project and activities required to develop the project. The risk register should include all potential risks relating to the success of the project, including:</p> <ul style="list-style-type: none"> • financial • technical • environmental • compliance • regulatory • delivery. <p>Appropriate risk mitigations should be provided that are proportionate to the identified risks.</p> <p>Within the risk register outline how the project has (or will) met all required approvals, including grid, water access, Foreign Investment Review Board (FIRB), planning approvals and the associated risk in obtaining these approvals.</p>

Merit criterion 5: Alignment to NSW Government strategic objectives and economic growth

To meet this merit criterion you must address, where appropriate, how your project aligns with NSW Government strategic objectives and economic growth.

Stage 1: Fast-track assessment	Stage 2: Full application
<p>Describe how the project aligns (where applicable) to the objectives of:</p> <ul style="list-style-type: none"> • NZIIP • NSW Waste and Sustainable Materials Strategy • NSW Hydrogen Strategy • existing NSW Government priorities for regional development and initiatives such as: <ul style="list-style-type: none"> – Special Activation Precincts (SAPs) – Renewable Energy Zones (REZs) – clean manufacturing precincts – hydrogen hubs (as applicable). <p>Describe the impact of the project on jobs and private investment in NSW and in the local region.</p> <p>Describe how your company promotes upstream and downstream (scope 3) decarbonisation in your procurement.</p>	<p>Describe how the project aligns (where applicable) to the objectives of:</p> <ul style="list-style-type: none"> • NZIIP • NSW Waste and Sustainable Materials Strategy • NSW Hydrogen Strategy • existing NSW Government priorities for regional development and initiatives such as: <ul style="list-style-type: none"> – Special Activation Precincts (SAPs) – Renewable Energy Zones (REZs) – clean manufacturing precincts – hydrogen hubs (as applicable). <p>Describe the project’s impact on jobs in NSW.</p> <p>Outline the total project investment in NSW and in the local region.</p> <p>Describe how the project supports additional economic development in NSW, e.g. through sourcing suppliers from NSW.</p> <p>Describe policies and strategies your company has adopted to accelerate upstream and downstream (scope 3) decarbonisation in your supply chain.</p>

Merit criterion 6: Knowledge sharing

Stage 1: Fast-track assessment	Stage 2: Full application
<p>Explain what and how knowledge from the project would be shared to the office and wider community.</p>	<p>Provide a knowledge sharing plan to outline:</p> <ul style="list-style-type: none">• what knowledge from the project would be shared• how and when the knowledge would be shared• the value of the knowledge. <p>The knowledge sharing plan must demonstrate how the knowledge will reduce barriers to wider commercial adoption of the technology in NSW.</p>



Application and assessment process

Application and assessment process

How to apply for funding

Overview

Application and assessment processes for HEI funding are non-competitive, and applications will be assessed as we receive them. The application process for projects is comprised of 2 stages:

- Stage 1: Fast-track assessment
- Stage 2: Full application.



Figure 4 demonstrates the steps applicants should take to apply for HEI funding.

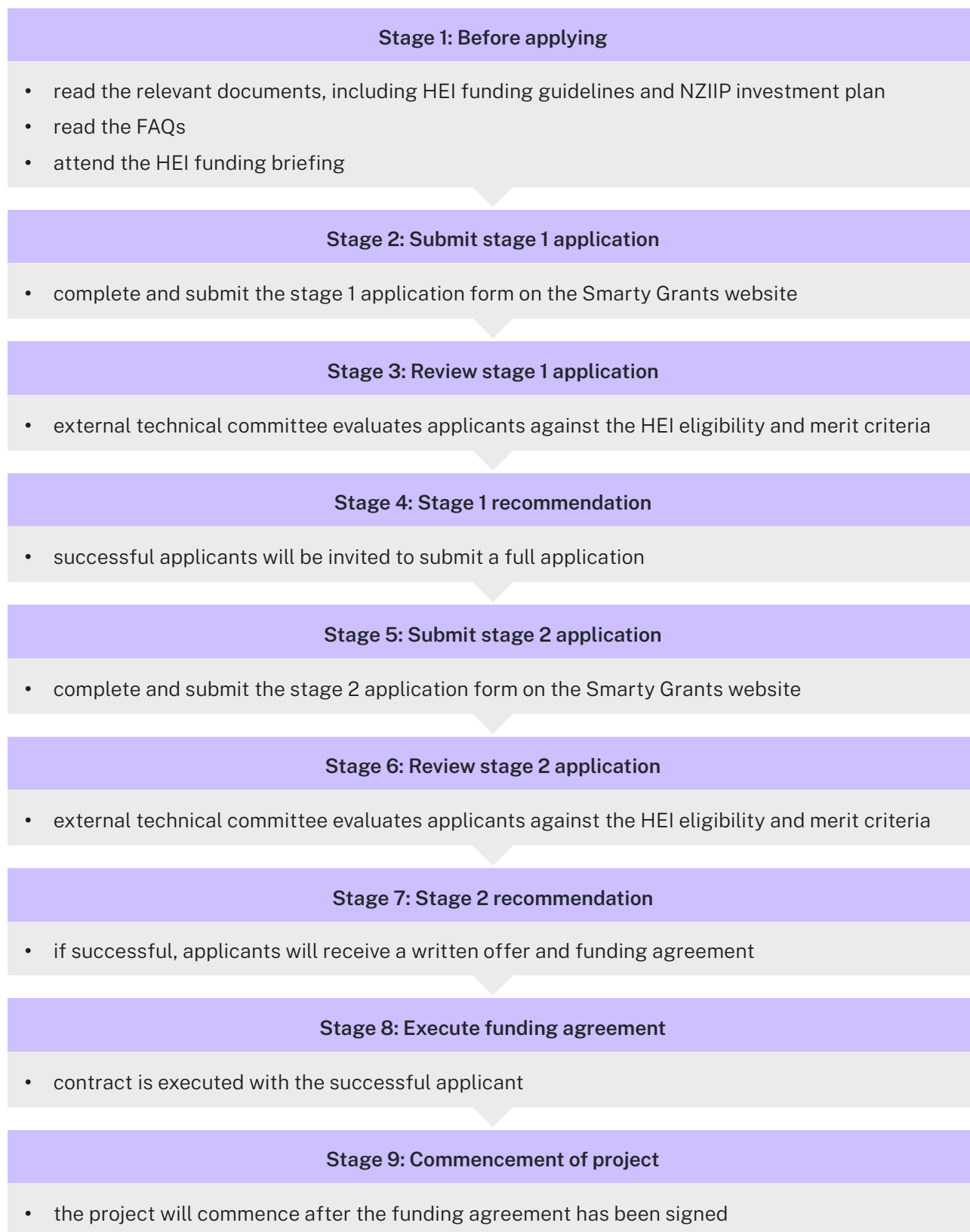


Figure 4 Application and assessment steps

Further details on each application step have been provided below.

Step 1: Before applying for funding

Before applying you should:

- read the HEI funding documents including the investment plan and these funding guidelines
- read the frequently asked questions and other documents published on our [website](#)
- attend an HEI funding briefing on how to apply.

Step 2: Submit Stage 1 application (fast-track assessment)

Complete the Stage 1 application form on the [Smarty Grants website](#) and submit an application. Once you complete and submit the application, you will receive an email notification with a reference number to confirm it has been received.

NOTE: If you don't receive email notification, please contact emissionsreduction@environment.nsw.gov.au.

Step 3: Review Stage 1 application (fast-track assessment)

An external technical review committee will review your application against the eligibility and merit criteria. We expect that Stage 1 reviews will take 4 to 6 weeks. This timeframe will depend on the amount of funding requested by the applicant and the complexity of the project.

Step 4: Stage 1 recommendation (fast-track assessment)

Once reviewed, we will either invite you to submit a full application (i.e. Stage 2) or decline the application. We may provide additional guidance to applicants on how to improve your application for future submissions.

Step 5: Submit Stage 2 application (full application)

Complete the Stage 2 application form on the Smarty Grants website and submit an application. Once you complete and submit the application, you will receive an email notification with a reference number to confirm it has been received.

NOTE: If you don't receive an email notification, please contact emissionsreduction@environment.nsw.gov.au.

Step 6: Review Stage 2 application (full application)

An external technical review committee will review your application against the eligibility and merit criteria. The timeframe for Stage 2 reviews will vary and will be dependant on the amount of funding requested by the applicant and the complexity of the project.

During the Stage 2 assessment period, we may ask for more information. You will have 5 business days from the date of our written request to provide a response.

Step 7: Stage 2 recommendation (full application)

If your application is successful, we will send you a written offer and the HEI funding agreement.

If your application is not successful, we will notify you and include reasons why it was not approved.

Step 8: Execute funding agreement

Once the HEI funding agreement has been awarded, we will execute the contract with you.

Step 9: Commencement of project

Following the signing of the HEI funding agreement, the project can then commence.

Assessment process

Applications must be completed in full and include all the information specified. If you do not provide the specified information in the format required, we may seek supplementary information or clarification from you. If this information is not provided your application may be assessed as unsuccessful. A technical review committee will be established for the assessment of applications at both the fast-track assessment and full application stages.

Applications must be assessed as satisfying all eligibility criteria. Only eligible applications will be assessed against the merit criteria.

The technical review committee will make recommendations to us regarding which applications best meet the criteria and objectives of the HEI funding.

Due diligence

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

- inviting you to present your application to us and/or our technical review committee
- commissioning or completing research, analysis and modelling to support assessments
- contacting identified project participant organisations
- disclosing information by applicants to us of any material reasonably required by us in respect to the eligibility criteria and merit criteria.

Where you have also applied for additional funding from another government source (e.g. ARENA), we will work with you to share due diligence resources and, where possible, to minimise the burden on you. Due diligence by us, and your cooperation with this, is likely to have a material impact on our assessment of your application.

We will undertake an assessment of the applicant, including due diligence checks to confirm sound financial standing. You must comply with any request for information as part of these due diligence checks. As a result of the due diligence, we may at our discretion, require that the applicant provide a form of guarantee for the performance of the funding agreement (for example, a parent company guarantee).

Final decision

The Office of Energy and Climate Change is the delegated decision maker with advice from the Net Zero Emissions and Clean Economy Board.

We have the discretion to reject, refuse or cease to assess an application at any time if we are of the view that an application is unlikely to be successful.

Our decision is final in all matters, including the:

- approval of applications for funding
- amount of HEI funding awarded
- terms and conditions of funding.

Resubmission of applications, or requests for re-review, will not be accepted (unless otherwise decided by the office). We will advise you in writing about the outcome of the assessment of your application.

Without limitation, the submission of your application and the assessment of your application by us is not, and does not represent, an agreement to negotiate an offer, or guarantee of funding by us. You acknowledge that we are free to cease negotiations at any time prior to the finalisation of the funding agreement without any liability or obligation to you or any third party (including without limitation any consortium, related bodies corporate or group member). Any actions undertaken by you or any third party arising out of or in connection with the application is at yours or that third party's own risk and expense. There is no binding agreement between the parties until the funding agreement has been duly executed.



Funding agreements

Funding agreements

Funding agreement and commercial principles

Successful applicants must enter into a funding agreement with us to receive HEI funding. This agreement will detail the applicant's and any other relevant parties' obligations in relation to the project.

A funding agreement template, representing terms we consider appropriate, is available on our [website](#).

We do not encourage departures from the funding agreement template. However, where you cannot accept the terms of the funding

agreement template in its current form, you may use the provided departures table in the template (on our [website](#)) to clearly set out and qualify the reasons for your requested departure. We may or may not accept these departures at our discretion.

Where you do not submit a departures table, you will be deemed to have accepted the terms of the funding agreement template. Where you do submit a departures table, the departures table will be taken as an exhaustive list of your comments on the funding agreement template.

Applicants should be aware that we expect the terms of an executed funding agreement to reflect the applicant's careful and thorough expectations for the project's development. For example, you should ensure that there is a rigorous and realistic basis for the project milestone timing, associated payment and outcomes for the project as set out in the funding agreement.



Funding offers

All offers to negotiate and any payment of funds are subject to the execution of a funding agreement. Applicants who receive an offer to negotiate must keep the offer confidential until the execution of a funding agreement. 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 our prior consent. We may withdraw our negotiation offer if you do not comply with this confidentiality requirement.

Eligible funding expenditure

HEI funding must only be used for eligible expenditure on the project, see [Appendix C](#). Applicants will be required to identify objectively verifiable project milestones. You must also prepare budgets reflecting the eligible expenditure required for each project milestone. This information will be set out in the funding agreement.

Monitoring project progress

Successful applicants that enter into a funding agreement with us will be required to provide reporting in-line with the requirements of the executed funding agreement. We will monitor the progress of your project by assessing reports and presentations you submit. We may also conduct site visits to confirm details of your reports. Occasionally we may need to re-examine claims, seek further information or request an independent audit of claims and payments.

Types of reports and plans required under a funding agreement may include:

- project milestone report
- annual operating parameters report
- annual project report
- annual emissions abatement report
- financial reports
- final report
- risk management plan
- licensing and approvals plan
- emissions monitoring plan
- knowledge sharing plan
- other reports and plans.

Publishing and sharing project information

We 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
- amount of HEI funding awarded.

We will also share or publish information about any project when required under law.



Further information

Further information

Commencement and authority for funding guidelines

These funding guidelines have been approved by us, the Office of Energy and Climate Change. The guidelines may be amended from time to time or withdrawn. The office has the authority to award funding and execute and amend the agreements that allow the NSW Government to provide this funding.

Limitations

No representation, warranty or guarantee

The NSW Government, its Ministers, the Treasury (which includes the Office of Energy and Climate Change) and each of their officers, employees and agents (the office 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 office associated with the HEI funding, including their completeness, accuracy, currency or reliability or the process by which they were prepared. The office parties will not give opinions regarding, legal, accounting, regulatory, taxation or any other matters. Without limiting the foregoing, in relation to those matters:

- nothing in the funding materials (including without limitation, these guidelines, or the funding agreement) is or should be regarded as advice

- you must satisfy yourself by undertaking your own investigations or seeking advice at your own cost.

NOTE: Nothing contained in the funding materials is, or may be, relied upon as a promise, guarantee, representation, or warranty.

The materials are not an offer, recommendation or invitation by the office or the NSW Government in respect of any contract or commitment. The applicant must rely entirely upon its own investigations, review and analysis in relation to its assessment of whether or not to apply to and participate in this program.

No obligation to update

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



No liability

Each office 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 materials, except for any liability which cannot be excluded as a matter of law.

Other limitations

The funding materials are not an offer, recommendation or invitation by any office party in respect of any contract or commitment and (subject to a funding agreement being fully executed) nothing in the materials will form the basis of any contract or commitment.

You must rely entirely upon your own investigations, review and analysis in relation to your assessment of whether to apply to and participate in the HEI funding.



Confidentiality and disclosure of information

Unless otherwise stated, any commercial-in-confidence information provided by you as part of, or in connection with, a registration, application or negotiation process will be treated confidentially by the office.

We may disclose commercial-in-confidence information provided by you to the following parties:

- the Minister or Minister's office
- the NSW Ombudsman and Audit Office of NSW
- office staff, consultants and advisers
- any agency or body of the NSW Government, or any other organisation or individual considered by the office to have a need or an entitlement to know that information (including any federal, state or territory agency or body), where the need or entitlement to know that information arises out of or in connection with the office's assessment, verification or due diligence of any aspect of your application
- where authorised or required by law to be disclosed, to those parties.

If we disclose commercial-in-confidence information to any of the above parties, we will inform the party that the information is strictly confidential. We will otherwise only disclose commercial-in-confidence information provided by you with your consent.

Complaints

Complaints concerning the HEI funding should be emailed to emissionsreduction@environment.nsw.gov.au.

Complaints will, in the first instance, be reviewed by us. If we cannot resolve the complaint within 30 business days of receipt, we will provide details of a nominated complaints and review officer from the Complaints Team who will advise the next steps. If the complaint is still not resolved satisfactorily, the [NSW Ombudsman](#) can be reached for external review of the administrative actions of the office.

Conflicts of interest

Applicants must disclose any actual, potential or perceived conflicts of interest as part of their application or, if successful, as they arise during project implementation. Conflicts of interest are any factors that could compromise the judgement, decisions, or actions of a person or group of people. Such conflicts may relate to:

- engaging consultants to assist you with the application who have advised or are currently advising the office
- procurement or employment
- direct negotiations
- sponsorships
- partnerships
- any other situations which could lead to unfavourable advantage.

The fact that you wish to engage, or have engaged, an existing office consultant or service provider, does not automatically

preclude you from engaging the same consultancy. Factors which will be considered when determining whether a consultant or service provider can be engaged by a grant recipient include:

- the size of the organisation, i.e. a large consultancy is more likely to be able to use separate teams on a project
- the nature of the work being undertaken by the consultancy, i.e. similar work increases the potential for probity risks to arise
- the extent to which individuals involved had access to confidential information about the project and whether this information is to be released to the market as part of the NZIIP.

Such determination will be made in accordance with the office delegations for expenditure.

If the engagement with the grant recipient is permitted, the office project team will consider seeking assurance from the consultant or service provider that it will put appropriate processes in place to manage probity risks, e.g. appropriate information barriers and separation of roles.

As part of ongoing reporting requirements (e.g. project milestone report), you are required to update any conflicts of interests, where applicable. You will be asked whether any conflicts of interest have arisen during the reporting period or if any are likely to arise. Updated declarations and confirmations are required from you when new personnel join the project or at the commencement of a new project or phase within a project.

NOTE: You are advised to contact us if you are unsure whether something constitutes an actual, potential or perceived conflicts of interest.

Evaluation

We will evaluate all NZIIP grants to determine how funded projects have contributed to the emissions reduction objectives. We may also interview you or ask you for more information to help us understand how the grant impacted you and to evaluate how effective the funding was in achieving its objectives. Without limiting any specific reporting or evaluation requirements (or similar) set out in any funding agreement you execute with the office, we may contact you up to 2 years after you finish your project for more information to assist with this evaluation. You consent to the use of your information for this purpose by:

- the office
- NSW Treasury
- the Minister or Minister's office
- the NSW Ombudsman and Audit Office of NSW
- office staff, consultants and advisers
- any agency or body of the NSW Government, or any other organisation or individual considered by the office 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 purpose above.

Grant acknowledgement

If a successful applicant makes a public statement about a funded project, they are required to acknowledge the support provided by the office.

Discretion of the office

Notwithstanding anything else in these guidelines, by applying, you acknowledge and agree the office has the right (in its absolute discretion) to reject, refuse to consider or cease to assess an application, at any time, if it is of the view (in its absolute discretion) that an application is unlikely to be successful.

No contract or liability

Despite any part of these funding guidelines, or any other documentation that forms part of this process (in part or together), by applying, applicants:

- acknowledge that neither the applicant nor the office intends to create any contract or other relationship under which the office is obliged to conduct the process in relation to the funding in any manner or at all, and that there is in fact 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 office to conduct the process in any manner or at all
- release the office from any claim it may otherwise have been able to make or bring against the office, arising out of or in connection with the office's conduct.

Potential applicants and interested parties should refer to our [website](#) for up-to-date information.

Any questions or clarifications can be sent in writing to emissionsreduction@environment.nsw.gov.au.

Privacy

We use the information you supply to us for processing and assessing your application. While we do not publicly release your application as a matter of policy, we may be required to do so under the Government Information (Public Access) Act 2009 or other lawful requirement.

Applications seeking joint funding, including other associated information, may be disclosed with the other government entities under a joint funding program. The office may also disclose information you supply to us for the purpose of evaluating and/or auditing its grant programs. If you require strict commercial and/or personal confidentiality, you should address this in your application.

More information on the Government Information (Public Access) Act 2009 is available on the [website](#).





Appendix A: Terms and definitions

Appendix A: Terms and definitions

The following terms are used throughout these funding guidelines.

Abate(ment)	To reduce (emission reduction)
ABN	Australian Business Number
ACCU	Australian Carbon Credit Unit
ANZSIC	Australian and New Zealand Standard Industrial Classification
Applicant	An entity referred to in these guidelines that applies for HEI funding
Application	Submission of an application form and other required documents for HEI funding
Application form	Document or documents issued under HEI for applicants applying for funding
ARENA	Australian Renewable Energy Agency
Business days	A day that is not a Saturday, Sunday, public holiday or bank holiday in Sydney, New South Wales
Co-funding	Financial support of a successful project provided by the office and a private sector entity or entities
Commercial-in-confidence information	Any information that discloses your financing arrangements, cost structure, profit margins or full base case financial model; intellectual property for which you have an interest; any matter the disclosure of which would place you at a substantial commercial disadvantage

Commercial principles	A set of principles made available by the office which broadly represent how the office expects funding arrangements to be provided and the outcomes this will achieve
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)
CTI	Clean Technology Innovation focus area of NZIIP
Deploy(ment)	To rollout, implement or install (implementation)
Eligible applications	An application for HEI funding that the office has determined is eligible for assessment in accordance with these guidelines
Eligibility criteria	Eligibility criteria set out in section on eligibility and merit criteria
Eligible expenditure	Expenditure of the kind defined as eligible in Appendix A
Fast-track assessment	First stage of application for HEI funding
Full application	Second stage of application for HEI funding
Funding agreement	An agreement between the office and a recipient under which HEI funding is provided to the recipient
Guidelines	Approved framework for the operation and administration of HEI funding NOTE: This document will be amended and updated as needed to be current and accurate

HEI	High emitting industries
Joint funder	A non-private sector party, such as ARENA, who provides financial support to a project that the office also provides financial support to under HEI funding
Joint funding	Financial support of a project by the office and a non-private sector party such as ARENA
Merit criteria	The merit criteria set out in section on eligibility and merit criteria
Minister	The Minister with responsibility for HEI funding, which at the time of publishing for these guidelines is the NSW Treasurer and Minister for Energy
MtCO_{2e}	Megatonnes of carbon dioxide equivalent
NGER	National greenhouse and energy reporting scheme
NLCIF	New low carbon industry foundations
NSW	The State of New South Wales
NZIIP	Net Zero Industry and Innovation Program
NZIIP investment plan	Document highlighting investment priorities of NZIIP
Office of Energy and Climate Change (the office)	The NSW Government office, which at the time of publication, has the responsibility for the administration of this program and guidelines
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

Project	A project described in an application for funding under the HEI focus area
Project milestone	Represents the completion of a major step in the project that requires the commitment of a certain amount of time, resources and effort
Recipient	An applicant that has been offered HEI funding and has entered into a funding agreement with the office
Scope 1 emissions	Emissions as a direct result of an activity, or series of activities at a facility level
Scope 2 emissions	Indirect greenhouse gas emissions associated with direct consumption of an energy commodity such as electricity, steam, heat, or cooling
The Plan	NSW Government Net Zero Plan Stage 1: 2020–2030



Appendix B: Evidence required for applications

Appendix B: Evidence required for applications

The evidence requirements outlined below are indicative only and are subject to change. The evidence requirements do not include the data/input requirements needed to complete an application. Stage 1 applications will require less evidence with the understanding that all evidence requirements are to be met if the project progresses to Stage 2.

Criteria	Stage 1	Stage 2
Eligibility criterion 1: Eligible applicant	Public commitment to decarbonise	Public commitment to decarbonise Insurance certificates of currency, including: <ul style="list-style-type: none"> • property insurance • fidelity insurance • employee insurance • public liability insurance. Unqualified audit report for company financial statements
Eligibility criterion 2: Eligible project	Letter of intent to implement project, pre-deployment projects only Decarbonisation roadmap	Proof of facility address Letter of support to maintain productions at, or above, current levels beyond 2030 Letter of intent to implement project, pre-deployment projects only Decarbonisation roadmap Letter of support for the project to reduce emissions intensity

Criteria	Stage 1	Stage 2
Merit criterion 1: Emissions reduction to be achieved	Completed emission reduction and production data/model template	<p>Supporting engineering estimates or case studies to evidence the estimated potential volume of abatement</p> <p>All emission and production data inputs, sources, assumptions and calculations</p> <p>All data inputs, sources, assumptions, calculations used in sensitivity analysis</p> <p>Details and credentials of person/business who will report/verify emissions data</p>
Merit criterion 2: Technical feasibility of the project	Project technical information	<p>Detailed technical information</p> <p>Due diligence and third-party reviews</p> <p>Details of similar projects as available, including:</p> <ul style="list-style-type: none"> • scope • emissions impact • financial overview • key issues • differences to the applicant's current project <p>Copies of relevant approvals</p>
Merit criterion 3: Financial feasibility of the project and value for money	Completed financial data/model template	<p>All financial data inputs, assumptions and supporting evidence</p> <p>Capital raising plan including supporting evidence from investors</p>

Criteria	Stage 1	Stage 2
Merit criterion 4: Project delivery	Relevant case studies	<p>Case studies of past projects completed in the decarbonisation space or other large infrastructure projects for both applicant and key supply chain partners</p> <p>Supplier quotes, proposals and plans including risk management</p> <p>Joint venture or partnership agreement, letters of intent or other documents providing evidence that all significant project partners are prepared and authorised to commence work</p> <p>Company authorisation, i.e. board minutes</p> <p>Studies and opportunity analyses completed to-date</p> <p>Project risk register and mitigation plan</p>
Merit criterion 5: Alignment to NSW Government strategic objectives and economic growth	N/A	Economic model and/or analysis including calculations and assumptions that supports quantification of economic benefits
Merit criterion 6: Knowledge sharing	N/A	Knowledge sharing plan





Appendix C: Eligible expenditure

Appendix C: Eligible expenditure

Overview

This appendix specifies the types of project expenditures that are eligible for funding under the HEI funding guidelines. Project expenditures will be recognised in the funding agreement. These specifications must be followed when preparing the budget submitted with a fast-track assessment or full application. This information is part of the regular project milestone reporting required of HEI funding recipients.

Once a funding agreement is executed for a project, the office will make payments when the project makes satisfactory progress and meets agreed milestones. Payments must be spent on eligible expenditure in line with these guidelines and the funding agreement. Where you are in any doubt as to the eligibility of some of the expenditure on your project, you should discuss the matter with us. We will consider the request and make a decision regarding the eligibility of the expenditure.

Project milestone payments

Financial reports and other verifying evidence

The proportion of eligible expenditure to be paid at each project milestone will be determined on a case-by-case basis. The funding agreement will require you to provide financial reports and other evidence verifying eligible expenditure on the project for each milestone period.

Accounting system requirements

Recipients are required to have in place suitable accounting systems. Recipients are to provide assurances to us that the accounting system used by their organisation and any consortium partners allows for the separate and accurate identification of contributions and eligible expenditure on the project.

A clear audit trail of all HEI funding contributions and eligible expenditure must also be available on request and as required to meet the requirements in the funding agreement.

General principles

The following general principles apply when considering eligible expenditure:

- eligible expenditure is determined as 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 (in-kind) contributions cannot be included in the budget as eligible expenditure

NOTE: In-kind contributions are non-monetary resources used on the project where no cash has been transferred to the recipient's account(s) for the project.

- where resources are used on the project and on unrelated activities elsewhere in the recipient's organisation, the cost of those resources will be apportioned to the project, based on the proportion of those resources that were used by the recipient in undertaking the project
- related party transactions must be treated on an 'at-cost' basis, without mark-up, unless the recipient can demonstrate to the satisfaction of the office, that the transaction has been calculated on an arm's-length basis
- eligible expenditure must be proven against generally accepted accounting principles and must allow us to track expenditure relating to the project through the recipient's accounting system to meet the financial reporting and audit requirements in the funding agreement.

Eligible and ineligible expenditures

Eligible and ineligible expenditures include the following:

Eligible expenditure	Ineligible expenditure
<ul style="list-style-type: none"> • Expenditure on the preparation of contracts entered into for the purposes of undertaking the activities required for the conduct of the project, subject to the ineligible expenditure constraints detailed in the ineligible expenditure section. • Expenditure on engaging external consultant(s) to perform activities directly related to the project. • Expenditure for plant installed for the project at the full delivered cost of the plant (GST inclusive), less any GST credits the recipient is entitled to claim. • Expenditure on plant used for the construction of the project, calculated on the basis of hire or lease costs, and running costs directly related to the construction of the project, such as rent, power, fuel and repairs and maintenance. • Labour expenditure, such as salaries and wages, including reasonable on-costs for personnel employed directly on the project. • Administrative expenses, including those incurred on: <ul style="list-style-type: none"> – communications – accommodation – computing facilities – travel – recruitment – printing – stationery, where such expenses are related directly to the project. 	<ul style="list-style-type: none"> • Operating costs of the project post-commissioning. • Projects that directly relate to NSW Government planning and assessment processes, such as: <ul style="list-style-type: none"> – biodiversity studies – heritage studies – noise, air quality and traffic studies – water, waste and hazardous material studies – Council and/or government levies/fees. • Expenditure on projects that a local, state, territory or Commonwealth government agency has the responsibility to undertake. • Any opportunity costs. • Expenditure related to the general operations and administration of the recipient's organisation that the recipient could reasonably be expected to undertake in the normal course of business. • Expenditure if undertaken prior to the signing of the funding agreement or after the completion date for the project specified in the funding agreement. • Sales or promotional activities that do not directly support the successful completion of the project. • Expenditure on the acquisition of land for the project. • Interest on loans for new and pre-existing capital items used for the project.

Eligible expenditure	Ineligible expenditure
<ul style="list-style-type: none"> • Expenditure on legal, audit and accounting costs related directly to the project. • Expenditure on activities that directly contribute to, or enable knowledge sharing, including: <ul style="list-style-type: none"> – database development – websites – applications – reports. • Expenditure such as relevant licence fees or intellectual property purchase costs, where the applicant needs to access specific technology to undertake the project. 	<ul style="list-style-type: none"> • Membership fees, donations, or any other expenditure that the office determines does not directly support the successful completion of the project. • Expenditure that does not directly support the successful completion of the project. • Expenditure related directly to obtaining government approvals to undertake the project. • Expenditures associated with preparing an application for funding.



We may consider supporting any other expenditures not listed above, on a case-by-case basis.

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

Labour expenditure

Eligible labour expenditure is the gross amount paid or payable to an employee of the recipient entity. Eligible salary includes any components of the employee's total remuneration package that are itemised on their pay as you go (PAYG) annual payment summaries submitted to the Australian Taxation Office (ATO).

Recipients must provide evidence to demonstrate the amount of time that an employee spent on the project. Evidence to support eligible expenditure on labour could include timesheets, job cards or diaries. Labour expenditures cannot be claimed based on an estimation of the employee's worth to the company, where no cash has changed hands.



Contract expenditure

Eligible contract expenditure is the cost of any activities to support the project performed for the recipient by another organisation. Work to be performed on a project must be the subject of a written contract, including a letter or purchase order, which specifies the nature of the work to be performed for the recipient and the applicable fees, charges and other costs payable.

The written contract must be executed prior to the commencement of the work undertaken under the contract.

It is not a requirement for contracts to be in place at the time an applicant submits an application to the office. However, for major items of contract expenditure, such as purchases of major items of hardware to be incorporated in the project, applicants will be expected to have some form of documentary evidence, such as written quotes from suppliers, to verify the expenditure included in the financial estimates.

Where the contractor and the recipient are not at 'arm's-length', the amount assessed for work performed will be an amount considered to be a reasonable charge for that work and contain no unacceptable overheads and no element of 'in group profit'. Organisations considered not at 'arm's-length' include related companies and companies with common directors or shareholders.



Appendix D: Emissions reductions and electricity savings

Appendix D: Emissions reductions and electricity savings

Overview

This appendix recommends practices for:

- projection
- monitoring
- verification
- evaluation and reporting greenhouse gas emissions
- emissions abatement
- electricity consumption reductions.

This is for projects submitted or supported by HEI funding.

Project framework specifications and references

Overview

These projects are required to measure, verify and report emissions and emissions reductions within the project boundary using an internationally recognised framework such as the latest version of ISO 14064-2 or the [Greenhouse Gas Protocol](#) for project accounting. Applications must specify which framework or standard the project will follow.



Organisational and facility-based emissions inventories

For organisational and facility-based emissions inventories, where appropriate, reference should be made to:

- the latest version of ISO 14064-1, Greenhouse gases – Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removal
- [The Greenhouse Gas Protocol, A Corporate Accounting and Reporting Standard](#)
- [National Greenhouse and Energy Reporting Scheme Measurement: Technical Guidelines for the estimation of emissions by facilities in Australia, October 2017 \(current version\)](#)
- [National Greenhouse Accounts Factors: Australian National Greenhouse Accounts, August 2021 \(current version\).](#)

Project-based emission inventories

For project-based emission inventories, where appropriate, reference should be made to:

- the latest version of ISO 14064-2, Greenhouse gases – Part 2: Specification with guidance at the project level for quantification, monitoring and reporting of greenhouse gas emission reductions or removal enhancements
- Greenhouse Gas Protocol for project accounting
- [National Greenhouse and Energy Reporting Scheme Measurement: Technical Guidelines for the estimation of emissions by facilities in Australia, October 2017 \(current version\)](#)
- [National Greenhouse Accounts Factors: Australian National Greenhouse Accounts, August 2021 \(current version\).](#)

Sector-specific guidance

Sector-specific guidance should be applied where appropriate. Such guidance can be found in:

- the latest version of ISO 19694-1: Stationary source emissions – Determination of greenhouse gas emissions in energy-intensive industries – Part 1: General aspects
- [Greenhouse Gas Protocol](#) which provides sector-specific calculation tools.

Use of qualified professionals

Monitoring, verifying and reporting of emissions and emissions reductions must be undertaken by a qualified professional or reviewed by an independent qualified professional. A list of registered greenhouse and energy auditors can be found on the [clean energy regulator website](#). However, there may be other qualified professionals not listed.





For more information

For more information about net zero industry and innovation and the high emitting industries focus area, [visit our website](#) or email us at netzeroindustry@environment.nsw.gov.au.