

# Regional Community Energy Fund

## Frequently asked questions

February 2019

### Community energy

#### **What is a community energy project?**

Community energy projects involve the community in the development and implementation of a sustainable energy project. The projects will need to provide significant benefits to the participants and the wider community. The community often has an ownership stake in a community energy project.

#### **How does the Regional Community Energy Fund (RCEF) define community?**

This program defines a community as either a community located in the same region, or a community with a shared interest. To participate in this community energy program, members of the community and main beneficiaries of the project must be located in regional NSW.

#### **Does the project have to be a cooperative?**

No. Community energy projects use a range of different legal structures – cooperatives, trusts, public companies, private companies and not-for-profit associations. The legal structure is not the defining feature of a community energy project, but rather how the community is involved in that legal structure.

### Eligibility – organisation/team

#### **We are a community association/organisation that is not currently incorporated or registered. Are we eligible to apply for funding?**

Funding will only be provided to incorporated entities. However, you may be able to partner with an incorporated entity, such as a local council, to apply for funding. The Department will enter into an agreement with the incorporated entity to provide funding support if the application is successful.

#### **I have a great idea for a community energy project but need to conduct feasibility assessments to determine if the project would be viable, am I eligible to apply?**

RCEF will only provide grant funding for projects that are at advanced stages of development and will not fund pre-feasibility work. However, you may wish to apply for funding in the second round, subject to the further development of your project and availability of RCEF funds. Please note that while unlikely, round two may not be available if the RCEF funding is fully subscribed in round one.

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### **I am a renewable developer and would be happy to include the community in my project, am I eligible to apply?**

Yes, you are eligible to apply. To be successful, the project needs to demonstrate exceptional community involvement and/or benefits to meet the program objectives. This is required to far exceed the standard community engagement requirements under the development application process. The merit criteria section of the RCEF guidelines provides more information on this.

### **Can councils apply to the RCEF?**

Yes, councils may apply. To be successful, the project needs to demonstrate their contribution to RCEF objectives. The eligibility and merit criteria section of the RCEF guidelines provide more information on council eligibility.

### **My project is located in regional NSW but the organisation I represent is based in a metropolitan area, am I still eligible to apply?**

Yes, you are eligible to apply. To be successful, the projects need to demonstrate their contribution to RCEF objectives. The eligibility and merit criteria section of the guidelines provide more information on who can apply.

### **The organisation developing the project is based in regional NSW, but the project is located in a metropolitan area, am I still eligible to apply?**

No. The RCEF is designed to benefit regional communities and will only fund projects located in regional NSW.

## Eligibility – project

### **What project locations are eligible under the program?**

Projects must be located in regional NSW and connect to the NSW region of the National Electricity Market (NEM). Projects located in metropolitan areas will not be considered for funding. Metropolitan areas are defined as Greater Sydney, Newcastle Local Government Area (LGA), Wollongong LGA, Shellharbour LGA, Central Coast LGA and Lake Macquarie LGA. Projects in the Australian Capital Territory (ACT) are also ineligible.

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### **I have an idea for a community energy efficiency project – is it eligible?**

No, community energy efficiency is outside the remit of the RCEF. Energy efficiency measures may be incorporated into a renewable project, but the RCEF will not fund capital expenditure for energy efficiency measures alone. If the proposed project is a generation or storage project with energy efficiency measures, the Department will only fund the generation and storage component of the project, subject to eligibility and merit.

There are other NSW Government initiatives and subsidies available for businesses to reduce energy use and save on power bills. For more information visit [energysaver.nsw.gov.au/business/discounts-and-incentives](http://energysaver.nsw.gov.au/business/discounts-and-incentives).

### **Will you fund generation only projects?**

Yes, as long as you can demonstrate the project is meeting the RCEF objectives. Refer to the RCEF guidelines for more information.

### **Are renewable gas projects eligible?**

Projects must generate electricity, so if renewable gas is produced there must be a conversion process as part of the project that delivers electricity.

### **Does the program fund co-generation projects?**

Yes, only if the proposed project is a biomass co-generation system lowering greenhouse gas emissions.

### **Are storage only projects funded?**

Yes. However, the applicant must demonstrate how the project will lead to lower greenhouse gas emissions. For example, the storage project may commit to secure an off-take agreement with a renewable energy generation project.

### **Will the program support low-emissions coal technologies?**

No. The program only supports renewable energy projects.

### **My project is located in NSW, but the grid connection would be to the Victorian or Queensland region of the NEM, can I still apply?**

No. Funding is specifically for NSW projects, so they must be connected to the NSW region of the NEM.

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### Project timeline

#### **My project won't be completed until after June 2022, am I still eligible?**

It is unlikely that your project will be eligible. Projects funded under the RCEF must have spent their funds by June 2022, which includes paying for the installation/construction of the project.

#### **When will I know the outcome of my application?**

The Department will start the assessment process once round one closes for applications on the 3 May 2019. This assessment process is expected to take at least two months.

### Project funding

#### **What proportion of a project will be funded?**

The maximum funding an applicant can receive is 50% of the total project costs or \$3.5 million, whichever is lower.

#### **Is there a minimum amount that I can be funded for?**

No, there is no minimum amount of funding. However, to be eligible for funding, the project should meet the minimum installed or aggregated capacity of 100kW.

#### **What happens if the project budget changes due to new information?**

The NSW Government is aware that project costs can change as a project progresses. Successful applicants may request the NSW Government to amend the budget and funding allocation for future milestone payments at the end of each milestone.

Such amendments will only be considered if the proposed funding increase is not greater than 10% of the originally approved funding under the Funding Agreement and the increased costs relate to capital expenditure. However, in no circumstances can an increase in funding exceed the project funding cap which is either 50% of total project cost or \$3.5 million, whichever is lower. The NSW Government may choose whether to accept any variations to approved funding or not.

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If budget changes are greater than 10% of the originally approved funding, the NSW Government may choose not to proceed. Because of this, it is recommended that applicants clearly itemise contingencies within their budgeting.

### **Will you fund salaries?**

Yes, as long as the salaries are used for detailed design work. This cannot be greater than 10% of the funding sought through RCEF.

### **Does the project team have to pay the money back if the project does not proceed?**

No, the funding is released on a milestone basis. If your team is unable to complete a milestone, you do not have to pay back any existing funds spent, but no future funds will be approved.

However, the Funding Agreement includes terms that allow the Department to require the applicant to repay grant funds, where the applicant has materially breached its obligations under the Funding Agreement.

### **Are grid connection fees and studies eligible for funding under the RCEF?**

Yes. However, the applicants should note that RCEF will not fund any pre-feasibility or feasibility studies associated with the grid connection.

### **Am I eligible for the RCEF if I already have grant funding, such as from ARENA or other NSW Government programs?**

Potentially. Applicants are encouraged to apply for funding through ARENA and the applicants should note that this additional level of funding needs to be disclosed in your application form. If the project has secured funding through any other NSW Government agency the applications will be assessed on a case-by-case basis.

RCEF funding is expected to be awarded in proportion to the size of the proposed project, giving consideration to any other funding secured through federal or state government programs. It is designed to support a new scale and type of community energy project to achieve a reasonable return on investment (ROI) and provide a community benefit. Because of this, applicants should only apply for funding amounts that will help them achieve these outcomes.

### **If my incorporated entity is working on more than one regional project and submits more than one proposal, can it be awarded more than one grant?**

Yes. Each project will be considered on its merits, based on the merit criteria. However, you will need to be able to demonstrate that you can satisfactorily meet the milestones for all projects submitted.

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### **Will you fund project feasibility?**

No. The RCEF will award grant funding primarily for capital expenditure. Applicants may use RCEF funding for some of the detailed design expenses. However, these expenses should not exceed 10% of funding sought through RCEF. Eligible design expenses may include detailed electrical and construction design and network technical studies.

### **Will you fund Development Approval expenses?**

No. The RCEF will not fund any activities associated with planning assessment and approvals undertaken by the Department, like environmental impact statement preparations for state significant solar farms. Also, funds cannot be used to pay Development Application (DA) lodgement costs.

However, you may be able to fund local government tasks associated with planning assessment or applying for local government planning approval (except for DA lodgement costs). These tasks will be eligible for funding if they are qualified as detailed design elements of the project.

### **Will projects that are partially invested in by foreign companies qualify for the program?**

Yes. Applications will need to disclose this information and note Foreign Investment Review Board approval.

### **How does GST affect my grant?**

Your project budget and all quotes submitted with your grant application must be GST inclusive. Your GST registration status will not impact the total amount paid. If you are registered for GST, your grant amount will be paid GST inclusive. If you are not registered for GST, your grant amount will be paid GST Not Applicable. For advice on GST, please contact the Australian Taxation Office on 13 24 78 or [ato.gov.au/](http://ato.gov.au/).

## Planning approvals

### **Will successful projects be expedited through the NSW planning process?**

No. Each project will need to seek all relevant approvals as per the Environmental Planning and Assessment Act 1979 (NSW).

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### Knowledge sharing

#### **Will successful applicants be obliged to publicly share knowledge about the project?**

Yes. As a part of the Funding Agreement you will be required to publicly share knowledge and information about the project activities described in your proposal, with an exception of any commercially sensitive information. The program is subject to relevant legislative requirements, including public disclosure under the Privacy and Personal Information Protection Act 1998 (NSW).

#### **What kind of reports or data will be required under the knowledge sharing obligation?**

The Department will develop a list of knowledge sharing activities for projects shortlisted for funding. This may include, but is not limited to:

- Developing reports on lessons learnt.
- Participating in surveys, events and media opportunities organised by the Department.
- Providing project progress reports.
- Delivering presentations.
- Organising site visits.
- Any other data and information at the request of the Department.

The frequency, timing, and audience details pertaining to the knowledge sharing activities above will be determined at the Funding Agreement negotiation stage.

#### **Will the Government provide funding for knowledge sharing activities?**

No. The applicants are required to bear the associated costs arising from knowledge sharing activities.

### More information

#### **Where do I go to find out more information about RCEF?**

Please visit our website [energy.nsw.gov.au/regional-community-energy](http://energy.nsw.gov.au/regional-community-energy).



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If you have any questions or would like to join the RCEF stakeholder list please email [communityenergy.program@planning.nsw.gov.au](mailto:communityenergy.program@planning.nsw.gov.au).

### **Where can I find information for organisations looking to develop community energy projects?**

The following two resources provide useful information to organisations developing a community energy project:

#### **(1) Community-Owned Renewable Energy: A How to Guide**

This guide to community energy in NSW outlines what a community renewable energy project is, why it is important and how to go about developing a project. The guide was developed by Community Power Agency and Backroad Connections and was funded by the NSW Government.

The guide is available at [environment.nsw.gov.au/resources/communities/cpa-community-energy-how-to.pdf](http://environment.nsw.gov.au/resources/communities/cpa-community-energy-how-to.pdf).

#### **(2) Community Renewable Energy Financing Toolkit**

The Community Renewable Energy Financing Toolkit is designed to up-skill the financial literacy of community energy developers and groups. It includes two guidebooks and information about community energy financing basics. The toolkit was developed by Frontier Impact Group, with input from C4CE and was funded by the Australian Renewable Energy Agency (ARENA).

The toolkit is available at [frontierimpact.com.au/toolkit](http://frontierimpact.com.au/toolkit).