

# Latrobe Valley Microgrid Program

Application Guidelines



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ISBN 978-1-76077-209-3

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## Minister's Foreword

Victoria, along with the rest of the world, is in the midst of a major energy sector transition. The Victorian Government is working hard to capitalise on this transition and develop the new energy technologies sector in our state.

Our Victorian Renewable Energy Targets (VRET) of 25 per cent by 2020 and 40 per cent by 2025 position the state to create new energy jobs and support business growth. This is complemented by our New Energy Technologies Sector Strategy, and our target to achieve a 50 per cent improvement in Victoria's energy productivity by 2030.

The Latrobe Valley, Victoria's energy powerhouse for the past 100 years, is at the heart of our strategic approach to this new energy transition. With its growing economy, the Latrobe Valley offers significant benefits to investors and technology developers who build and invest in the area, along with opportunities for local businesses to capitalise on the new energy supply chain.

The Latrobe Valley has extensive renewable energy resource potential and an unmatched history and knowledge of energy and engineering. It hosts a skilled workforce, relevant industry capabilities and extensive infrastructure at the cornerstone of the National Electricity Market.

The recently published Latrobe Valley New Energy Jobs and Investment Prospectus highlights opportunities for international and local businesses to invest in Victoria's new energy transition in the Latrobe Valley.

There is still much to do to support this transition and the Latrobe Valley Microgrid Program will ensure that the Latrobe Valley will offer businesses more reasons to locate their businesses in the region. This program aims to provide renewable energy generation through a microgrid that reduces the cost of doing business in the Valley.



A handwritten signature in blue ink, which appears to read 'Lily D'Ambrosio'.

**The Hon. Lily D'Ambrosio MP**

Minister for Energy,  
Environment and Climate  
Change

The \$3 million Latrobe Valley Microgrid Program aims to support the reduction of energy costs for local businesses and encourage new investment in the region.

## 1. Overview

Victoria's energy sector is undergoing a significant transformation. With substantial renewable energy potential and strong capability and capacity in the new energy technology sector, in the Latrobe Valley the transition is providing an important opportunity to attract new businesses and jobs to the region, facilitate the transition to renewable energy and reduce emissions. The deployment of microgrids and related new energy technologies can support the transition while also delivering reliable and affordable energy solutions for businesses and clusters of commercial customers.

The Latrobe Valley Microgrid Program is overseen by the Minister for Energy, Environment and Climate Change and administered by the Department of Environment, Land, Water and Planning (DELWP).

## 2. Objectives

The objective of the Latrobe Valley Microgrid Program (the Program) is to support the delivery of a microgrid project that will lower the cost of energy for participating local businesses and industry and will deliver economic benefits to the region.

Funding (of up to \$3 million) will be provided for a project that will:

- Lower the cost of electricity for participating businesses (customers)
- Lead to the attraction of new businesses, expansion or retention of existing businesses in the region
- Deliver economic development outcomes (direct and indirect jobs and investment) and support the transition of the Latrobe Valley to a low-emission economy

## 3. Who can apply?

Eligible organisations must:

- Operate in Victoria
- Have an Australian Business Number (ABN)
- Be able to demonstrate that the organisation has at least three years operating history
- Meet the minimum \$1:\$3 funding ratio (Government:Private)

Applicants should review these guidelines to confirm their eligibility.

## 4. What type of project will be funded?

The Program is seeking to fund a microgrid project where:

- a microgrid is considered a subset of the broader electricity network and includes key components of generation, storage and load within a bounded and controlled network.
- Eligible projects include microgrids, smart embedded networks and virtual power plant projects.

The LVMP will fund a new microgrid project that:

- Utilises microgrid technologies to benefit multiple business/industry customers
- Utilises technology that is commercially-ready new energy technology
- Is located in the Latrobe Valley (in either the Local Government Areas of Latrobe City, Baw Baw and Wellington)
- Uses renewable energy generation technology or technologies
- Will be completed by June 2022

Grant funding provided through LVMP will not fund:

- Projects that have already commenced
- Land acquisition
- Routine or ongoing maintenance works, expansion of an existing microgrid or repairs
- Non-renewable generation technologies
- Recurrent operating costs
- Salaries
- Project activities that have been previously funded by the Commonwealth or Victorian Governments.

## 5. How will projects be assessed?

Applications will be assessed against the criteria detailed below. Applications should address all relevant criteria and provide supporting documents set out in section 5.2. Percentage weightings are provided as a guide to the relative importance of different criterion in the assessment process.

Information contained in the applications may be shared with other State or Commonwealth Government agencies to seek clarification on an application or applicants.

The department will review applications for completion and to check that they meet the eligibility requirements. Applications that do not meet the eligibility requirements will not be considered further in the assessment process.

All eligible applications will be assessed against the assessment criteria.

## 5.1 Assessment Criteria

### Criterion 1 – Why is this project required? (10%)

Applications will be required to:

- Describe the problem or opportunity that this project is addressing
- Demonstrate the extent to which the project addresses the identified problem or opportunity
- Describe the social and/or environmental benefits of this project

### Criterion 2 – What will be delivered? (40%)

Applications will be required to:

- Describe the microgrid system design including:
  - Generation assets
  - Energy storage
  - Loads
  - Energy management system/controls
- Clearly identify other expected economic benefits to the Latrobe Valley as a result of this project – ie business attraction, job retention, other economic benefits

### Criterion 3 – Who will benefit and who will deliver the project? (30%)

Applications will be required to:

- Provide details of potential customers for this microgrid
- Details of the expected savings in energy costs for participating customers and how these have been calculated (ie describe the customer value proposition)
- Describe who will own and operate the microgrid and who will own and operate the generation and storage assets
- Describe the roles of participating organisations
- Provide details of the skills and capability of key personnel and their experience in delivering similar projects.

### Criterion 4 – How will the project be delivered? (20%)

Applications will be required to:

- Describe how the grant funding will be used and justify why this is the appropriate use of the funds (including completing the attached cash flow template)
- Provide details of the proposed strategy for engaging customers and key partners (such as retailers, technology providers etc) for the project
- Describe the additional funding sources required for the project and the timing for this funding to be secured
- Complete and attach the project delivery schedule template

Where there are concurrent funding applications, applications must identify how the project will be funded if other applications are unsuccessful.

## 5.2 Supporting Documentation

The following supporting documentation must be attached:

- Project cash flow template
- Project delivery schedule template
- Project risk register
- Any other documents to support the application

Templates for the supporting documents can be downloaded from [www.energy.vic.gov.au/microgrids](http://www.energy.vic.gov.au/microgrids)

# 6. How to apply?

## 6.1 Application process and key timing

Applications for eligible projects must be made via the online grant management portal. Applications must be received by the department no later than **2pm, Monday 17 September 2018**. The link to the online portal can be found at [www.energy.vic.gov.au/microgrids](http://www.energy.vic.gov.au/microgrids).

## 6.2 Program Timing

Indicative program timing is summarised below:

	Date
<b>Applications Open</b>	<b>20 August 2018</b>
<b>Applications Close</b>	<b>17 September 2018 (2 pm)</b>
Successful applicants notified	TBC
Project Completion	By June 2022

## 6.3 Application requirements

Applicants should:

- Address all the project assessment criteria in their response to each question
- Include all key information, data and evidence to support the responses
- Provide a primary contact for any follow-up.

DELWP staff may make contact with applicants to seek further clarification of the information submitted.

Some applicants may be requested to submit further information following the initial assessment of applications by the department.

## 6.4 Applicant Questions

Applicants can submit clarification questions in relation to the application guidelines, the application process and the broader program to the department. Questions must be lodged no later than to **Monday 10 September 2018**. Any information provided by the department in response to any question raised by a potential applicant, may be uploaded onto the “Frequently Asked Questions” webpage. Clarification questions can be submitted to: [microgrid@delwp.vic.gov.au](mailto:microgrid@delwp.vic.gov.au)

## 7. Funding conditions

### 7.1 Funding agreement

Successful applicants must enter into a funding agreement with DELWP. Funding agreements establish the parties and outline their commitments and obligations to each other, as well as setting out the general funding terms and conditions. It is recommended that applicants review the terms and conditions before applying (<https://www.energy.vic.gov.au/microgrids>). No funding will be released until DELWP and the applicant have executed the funding agreement and the appropriate milestone evidence identified in the funding agreement has been met. DELWP reserves the right to withhold payments in cases where evidence has been provided but the Department deems that there are concerns relating to the delivery of the project. In this instance, the Department will release funding when appropriate actions have been taken to ensure the funding project is delivered within the agreed timeframes.

### 7.2 Project monitoring and delivery

Funding recipients are required to comply with project monitoring and reporting requirements to be outlined in the funding agreement. Proponents are responsible for project delivery, including any project cost overruns should they occur. In cases where a project is delayed for an unreasonable length of time, where substantive changes to scope are made after funding has been approved, or where a project fails to be delivered, DELWP reserves the right to cancel the grant and, if applicable, recoup any payment that has already been provided.

### 7.3 Acknowledgement

Successful applicants are expected to acknowledge the Victorian Government's support and promotional guidelines will form part of the funding agreement. Successful applicants must consult the department prior to the publication of any project promotional materials and liaise with the departmental program area to coordinate any public events or announcements related to the project. Successful applicants may be required to contribute information on activity outcomes for use in program evaluation or in the department's communication materials.

### 7.4 Cost

The Department 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 Department, or participating in negotiations with the Department.

### 7.5 Probity for Application Procedures

The Applicant and any of its associates must not offer any incentive to, or otherwise attempt to influence any of the persons who are either directly or indirectly involved in the Application Process, or in awarding any subsequent contract. If the Department determines that the Applicant or any of its associates have violated this condition, the Applicant may be disqualified from further consideration, in the Department's absolute discretion.

By submitting an Application, the Applicant consents to the Department performing probity and financial investigations and procedures in relation to the Applicant or any of its associates. The Applicant agrees, if requested by the Department, to seek consents from individuals to allow such probity checks.

### 7.6 Confidentiality

The department will, to the extent permitted by law, treat all information as strictly confidential and commercial-in-confidence where relevant. Any personal information will be managed in accordance with the published Privacy Policy, which can be found at [www2.delwp.vic.gov.au/privacy](http://www2.delwp.vic.gov.au/privacy).

## 8. Contacts and Further Information

For more information:

- Microgrids webpage: <https://www.energy.vic.gov.au/microgrids>
- Email the program team at [microgrid@delwp.vic.gov.au](mailto:microgrid@delwp.vic.gov.au)
- Grant information line: 1300 366 356 or [grantsinfo@delwp.vic.gov.au](mailto:grantsinfo@delwp.vic.gov.au)

If you experience difficulty downloading information or technical difficulties with the online application, please **contact the grants information line on 1300 366 356.**

