

Renewable Hydrogen Business Ready Fund

Application Guidelines



July 2021

Renewable Hydrogen Business Ready Fund

OFFICIAL-Sensitive



Environment,
Land, Water
and Planning

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Minister's Foreword



Victoria's rapidly growing renewable hydrogen sector has the potential to play a critical role in transitioning our state to clean energy, as well reshape Victoria's economy as we recover from the COVID-19 pandemic. The Renewable Hydrogen Business Ready Fund (BRF) enables businesses to take their first steps to transition to clean energy and take advantage of the many opportunities renewable hydrogen presents.

Victoria has many distinct advantages in developing a thriving renewable hydrogen economy. By combining our renewable energy resources, extensive gas network, well-connected transport infrastructure and highly skilled workforce, we can unlock the benefits of renewable hydrogen.

Businesses and industry can help drive our goal to reach net-zero emissions. This program provides essential support for businesses to transition to renewable hydrogen – as a feedstock, blended with natural gas, or as a substitute for fossil fuels. The BRF enables businesses to develop feasibility studies and business cases which support the introduction of renewable hydrogen to their activities.

Our transition to clean energy is underpinned by the Victorian Government's legislated target of net-zero emissions by 2050. Victoria's investments in renewable energy, including renewable hydrogen, are increasingly important to industry as we work to decarbonise. This investment in industrial end-users of renewable hydrogen will increase business confidence, and lead to more jobs and economic growth. It will also build pace on Victoria's potential as a leader in renewable hydrogen.

I invite all Victorian businesses to participate in this program and take part in the global transition to clean energy.

1. Renewable Hydrogen Business Ready Fund Overview

1.1 Victoria's hydrogen economy

The Victorian Renewable Hydrogen Industry Development Plan (the **Plan**), launched on 26 February 2021, provides the blueprint for growing a renewable hydrogen economy over the next five years. The development of a renewable hydrogen industry will support Victoria's climate change ambitions and its net-zero emissions target by 2050. Decarbonisation and economic recovery can be accelerated and promoted across Victoria by supporting the establishment of a thriving renewable hydrogen industry.

Following development of the Plan, the Accelerating Victoria's Hydrogen Industry (**AVHI**) initiative was developed. AVHI focuses on the development and deployment of zero-emissions renewable hydrogen technologies in Victoria. All projects or programs undertaken under AVHI must demonstrate that renewable energy sources are used, either directly or through commercial arrangements such as Power Purchase Agreements, in the generation of the hydrogen funded through the Program. Priority is given to projects that can demonstrate low-cost generation and application of renewable hydrogen and that progress the program's objectives.

1.2 Renewable hydrogen

Renewable hydrogen is hydrogen produced using renewable energy.

Renewable hydrogen offers an emissions-free alternative feedstock for existing industrial applications that are currently using hydrogen or related products such as ammonia derived from fossil fuel. Businesses can adopt renewable hydrogen to supplement or fully replace natural gas, diesel or other carbon-intensive fuel sources used in heating and manufacturing processes where those processes are compatible. Renewable hydrogen can also be an input to other energy carriers and process feedstocks such as green ammonia.

1.3 The Renewable Hydrogen Business Ready Fund

The Renewable Hydrogen Business Ready Fund (**BRF**) is a workstream under the AVHI. Through the BRF, the Victorian Government will provide up to \$1.0 million in grant funding for eligible businesses to support the transition to renewable hydrogen in their business activities or industrial processes.

Funding will be provided for projects that focus on the development of business cases **or** feasibility studies (defined as a **Project**) to investigate the transition to renewable hydrogen for business activities or industrial processes including heating, fuel, and as a feedstock. Refer to Section 4.2 for further information.

Examples of Projects include:

- Using renewable hydrogen as a substitute for natural gas or to blend with natural gas;
- As a substitute for traditional fossil fuels (such as natural gas or diesel);
- Replacing renewable hydrogen for non-renewable hydrogen feedstocks; and
- As a feedstock in industrial processes (for example green ammonia).

Figure 1 on the following page provides further examples of the uses of renewable hydrogen targeted by the BRF.

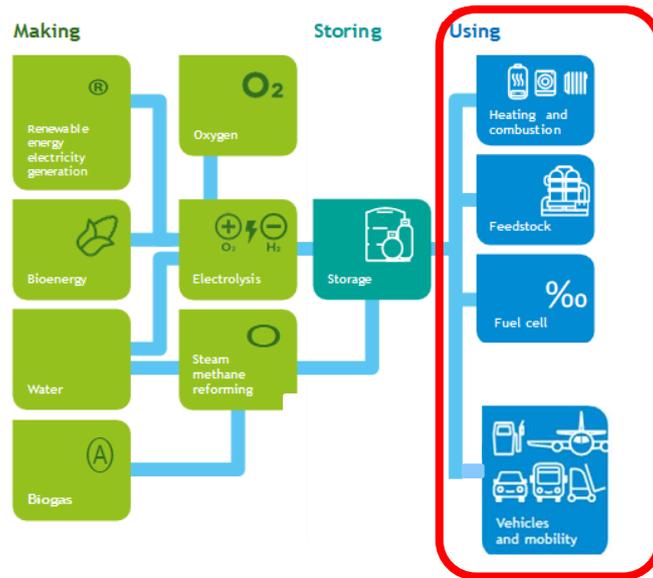


Figure 1: Examples of uses of renewable hydrogen targeted in this grant (circled in red)

1.4 Purpose of this document

This document (the **Application Guidelines**):

- Provides a framework for the implementation of BRF funding;
- Outlines the application process; and
- Sets out the eligibility and assessment criteria.

The Application Guidelines should be read in conjunction with the [Victorian Renewable Hydrogen Industry Development Plan](#) for broader policy context.

The Department of Environment, Land, Water and Planning (**DELWP** or the **Department**) will be administering the Program.

2. Objectives

The objectives of the BRF are to:

- Enable businesses to identify pathways to transition towards renewable hydrogen through the development of business cases or feasibility studies to enable decision-making to implement steps to transition to renewable hydrogen;
- Target users of natural gas, hydrogen and energy intensive processes to maximise emissions reduction;
- Increase confidence in transitioning to renewable hydrogen across industrial and commercial sectors, leading to increased activity, jobs and growth; and
- Build the profile of renewable hydrogen in Victoria and create a streamlined process for industry-government interactions and knowledge sharing.

The grants are available for businesses operating in Victoria to produce feasibility studies, business cases or similar plans.

Applicants must demonstrate that their Project provides commercial solutions to adapt, integrate or transition to renewable hydrogen in an industrial or commercial context.

Applications must demonstrate that the proposed business case or feasibility study contributes to businesses transitioning to renewable hydrogen and considers Project alignment with the Victorian Renewable Hydrogen Industry Development Plan. In particular, how it will contribute to achieving Outcome 11 “Industrial sector is primed for renewable hydrogen” detailed on page 47 of the Plan. The Plan is accessible online at: energy.vic.gov.au/renewable-hydrogen.

3. Eligibility Criteria – Who can apply?

The BRF is open to all businesses in industrial and commercial sectors, including (but not limited to):

- Commercial;
- Manufacturing;
- Agricultural;
- Transport and mobility;
- Gas producers and distributors; and
- Water corporations.

Applications are open to a broad range of organisations and can include single entities or a consortium of participants. However, for all applications, whether single entries or a consortium, there must be one organisation identified as the lead applicant which must:

- Endorse the Application;
- Verify any commitment of funds for the business case or feasibility study; and
- Be authorised to enter into a Funding Agreement with the State if successful under the BRF.

3.1.1 Eligible Businesses

- Must provide evidence of how many months or years it has been in operation to date;
- Have an Australian Business Number (ABN); and
- Provide evidence of funding secured to ensure a minimum 50 per cent funding co-contribution towards the project. Applicants contributing higher co-contribution will be considered favourably as per the Assessment Criteria outlined in Section 5.2.1. No projects will receive more than 50 cent of total funding through the Renewable Hydrogen Business Ready Fund.

Participating organisations (that are not the lead applicant), in addition to the above categories of organisation, may be a:

- Victorian-based university, research or training institution; or
- Victorian state entity.

Commonwealth Government entities and individuals are not eligible to apply.

3.1.2 Eligible Projects

For **Projects to be eligible** under the program:

- The Project must be developed with the intention of investigating transitioning an energy source or specific process of the business to renewable hydrogen (as defined in Section 1.2);
- The business activity or process that the Project is investigating must be located within Victoria; and
- The Project must be completed by 20 May 2022.

4. What will be funded?

The total grants program is up to \$1.0 million. Applicants can seek up to \$150,000 through this program, to a maximum of 50 per cent of eligible project expenditure.

Applications must meet the BRF assessment criteria set out in Section 5.2 of this document and supply supporting documentation set out in Section 5.3 of this document.

The BRF will not fund items outlined in Section 4.1. The process this will be competitively assessed, as detailed in Section **Error! Reference source not found.** Funding allocation will be based on the assessment of applications and will typically be made available to successful Projects under a signed **Funding Agreement**.

4.1 Exclusions/ What will not be funded

The BRF will not fund:

- Capital works;
- Recurrent operating costs;
- Other renewable energy projects (wind or solar project, switching fuel with biogas, energy efficiency projects); and
- Renewable hydrogen generation projects (unless they are also associated with a specific end use for the hydrogen).

4.2 What is a Business Case or Feasibility Study

4.2.1 What topics you could explore

- Your business activity or process currently using a non-renewable fuel source (e.g. natural gas or diesel could be substituted either partially or completely with renewable hydrogen).

4.2.2 What you could investigate

- Describe the current fuel source of the business activity or process;
- The specific business activity or process where the renewable hydrogen will be utilised, including:
 - how it would consume renewable hydrogen;
 - what changes to current processes may be required;
 - where will you source renewable hydrogen;
 - estimated timeframe of the transition to renewable hydrogen.
- Describe the renewable hydrogen technology that you plan to implement into your specific business activity or process;
- Estimate potential scalability and replicability across a sector, or across multiple business locations;
- Investigate the financial case and sensitivity of assumptions to overall outcomes including upfront costs, funding sources, and return on your investment;
- Investigate the risks for implementation, including a risk register and any licences or approvals that may be relevant;
- Estimate the proportion of your total energy consumption (measured in gigajoules (GJ)) that could be replaced by hydrogen and the estimated reduction in carbon emissions).

4.2.3 Who you may engage

- You may seek professional assistance to support developing your Project.

4.2.4 Transparency and knowledge sharing

- Sharing of non-commercially sensitive information and knowledge to help inform and develop the market is a key component of this program.

5. How Projects will be assessed

The BRF will be administered by DELWP. Percentage weightings are provided as a guide only to the relative importance of different criteria in the assessment process.

The Project final deliverable is a business case, feasibility study or similar plan to be submitted to DELWP. The business case or feasibility study produced may be used in the future to support investment decisions for pilot plants, demonstrations or capital works projects.

5.1 Eligibility and Merit Assessment

Applications will be assessed against the assessment criteria detailed below. Applications should address all relevant criteria and provide supporting documents set out in section **Error! Reference source not found.** Percentage weightings are provided as a guide to the relative importance of different criteria in the assessment process.

The Project final deliverable is a business case, feasibility study or similar plan to be submitted to DELWP by the defined deadline outlined in the project schedule. It is expected that the final business case and/or feasibility study is at a standard that it may be used in the future as supporting documentation for pilot studies, demonstrations or capital work projects.

DELWP will review applications for completeness and confirm they meet the eligibility requirements. DELWP may seek advice on the merit assessment of an application from a panel of advisers, which may include other State or Commonwealth Government agencies, AEMO, ARENA, CEFC, relevant Network Service Providers, and external consultants or advisers. Applications that do not meet the eligibility requirements will not be considered further in the assessment process. All eligible applications will be assessed on merit against the assessment criteria.

5.2 Assessment Criteria

5.2.1 Criterion 1 – Why are you doing this project? (20%)

Applications will be required to:

- Describe the problem or opportunity that this Project is addressing;
- Demonstrate how the Project could contribute to businesses integrating or transitioning to renewable hydrogen and considers project alignment with Victoria's Renewable Hydrogen Industry Development Plan. In particular, how the Project aligns with the Renewable Hydrogen Industry Development Plan, Outcome 11: "Industrial Sector is Primed for Renewable Hydrogen" (page 47, accessible online at <https://www.energy.vic.gov.au/renewable-hydrogen>);

5.2.2 Criterion 2 – What will be delivered? (20%)

Applications will be required to describe the Project including:

- Details of what will be delivered (including business case or feasibility study);
- Completed '**Renewable Hydrogen Project Summary**' template*;
- Detail of any project dependencies for the Project (for example connection to an off-site renewable hydrogen source); and
- Detail outcomes of the Project.

5.2.3 Criterion 3 – Who will benefit? (10%)

Applications will be required to:

- Outline expected benefits of implementing the Project, including environmental, economic, community and other benefits;

- Provide details of Project participants; and
- Describe how integration of renewable hydrogen into the industrial business activity or process will contribute to Victoria achieving net zero emissions by 2050.

5.2.4 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 an appropriate use of the funds;
- Provide a methodology, a high-level budget, Project risks and delivery timeframes;
- Describe any additional funding sources required for the Project and the timing for this funding to be secured; and
- Describe the capability and capacity of the applicant to deliver the Project, including the skills and experience of individual personnel and project partners.

5.2.5 Criterion 5 – What knowledge will be shared? (30%)

Applications will be required to:

- Identify the outputs (identified under Criterion 2) and how this information may benefit the wider renewable hydrogen sector; and
- Provide details of any known or potential constraints regarding the sharing of this knowledge.

5.3 Supporting Documentation

An online application form will set out all requirements for supporting documentation. Anticipated supporting documentation required includes, but is not limited to:

- A completed '**Renewable Hydrogen Project Summary**' template*. The template may require inputs including summary of project, location, approximate energy capacity or savings made by switching to hydrogen, scaleability, replicability, knowledge sharing, project implementation and risk assessment;
- Proposed budget for the business case or feasibility study, including clearly outlining the contribution from the grant funding and the contribution from the Applicant;
- Project delivery schedule; and
- Any other documents to support and provide context for the application, noting that the Department is not obliged to consider these documents in the assessment of the application.

*Where templates are provided, they must be used. Templates for supporting documents can be downloaded from energy.vic.gov.au/grants/business-ready-fund.

6. How to apply

6.1 Application process

Applications for Projects must be made via the online grant management portal. Applications must be received by DELWP no later than **5pm, 27 August 2021**.

The link to the online portal and all supporting information and templates can be found at energy.vic.gov.au/grants/business-ready-fund.

Late applications or applications lodged other than in accordance with the requirements of this section will not be considered.

DELWP's decision is final in all matters, including:

- The decision to continue assessment of an application;
- The approval of applications for funding;
- The amount of grant funding awarded; and
- The terms and conditions of funding.

6.2 Program timing

Indicative program timing is summarised below.

Event	Date
Applications Open	22/07/2021
Applications Close	27/08/2021
Application assessment (DELWP) commences	27/08/2021
Successful applicants notified	October
Finalise Funding Agreement	November
Project completion	20/05/2022

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; and
- Provide a primary contact for any follow-up.

7. Funding Conditions

7.1 Funding Agreements

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, available online at energy.vic.gov.au/grants/business-ready-fund.

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 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 project is delivered within the agreed timeframes.

Successfully funded projects will be offered funding as a GST exclusive amount. However, for organisations with an ABN and who are GST registered, payment will be made GST inclusive. No GST is payable to councils. Recipients are responsible for determining their tax liabilities for grant payments.

Grants provided by DELWP are classified as income and tax may be payable by recipients. Each applicant is responsible to investigate their own tax structure and treatment.

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 DELWP 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

DELWP 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 DELWP 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 DELWP performing probity and financial investigations and procedures in relation to the applicant or any of its associates. The applicant agrees, if requested by DELWP, to seek consents from individuals to allow such probity checks.

7.6 Confidentiality

DELWP 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 delwp.vic.gov.au/privacy.

8. Contacts and further information

- The BRF webpage: energy.vic.gov.au/grants/business-ready-fund
- Email the Program Team at emerging.energy@delwp.vic.gov.au
- Applicants can submit clarification questions in relation to the application guidelines, the application process and the broader Fund to DELWP. Questions must be lodged no later than 7 days before closing date. Any information provided by DELWP 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 emerging.energy@delwp.vic.gov.au.

If you experience difficulty downloading information or technical difficulties with the online application, please contact the grants information line at grantsinfo@delwp.vic.gov.au.