

Department of Climate Change,  
Energy, the Environment and Water

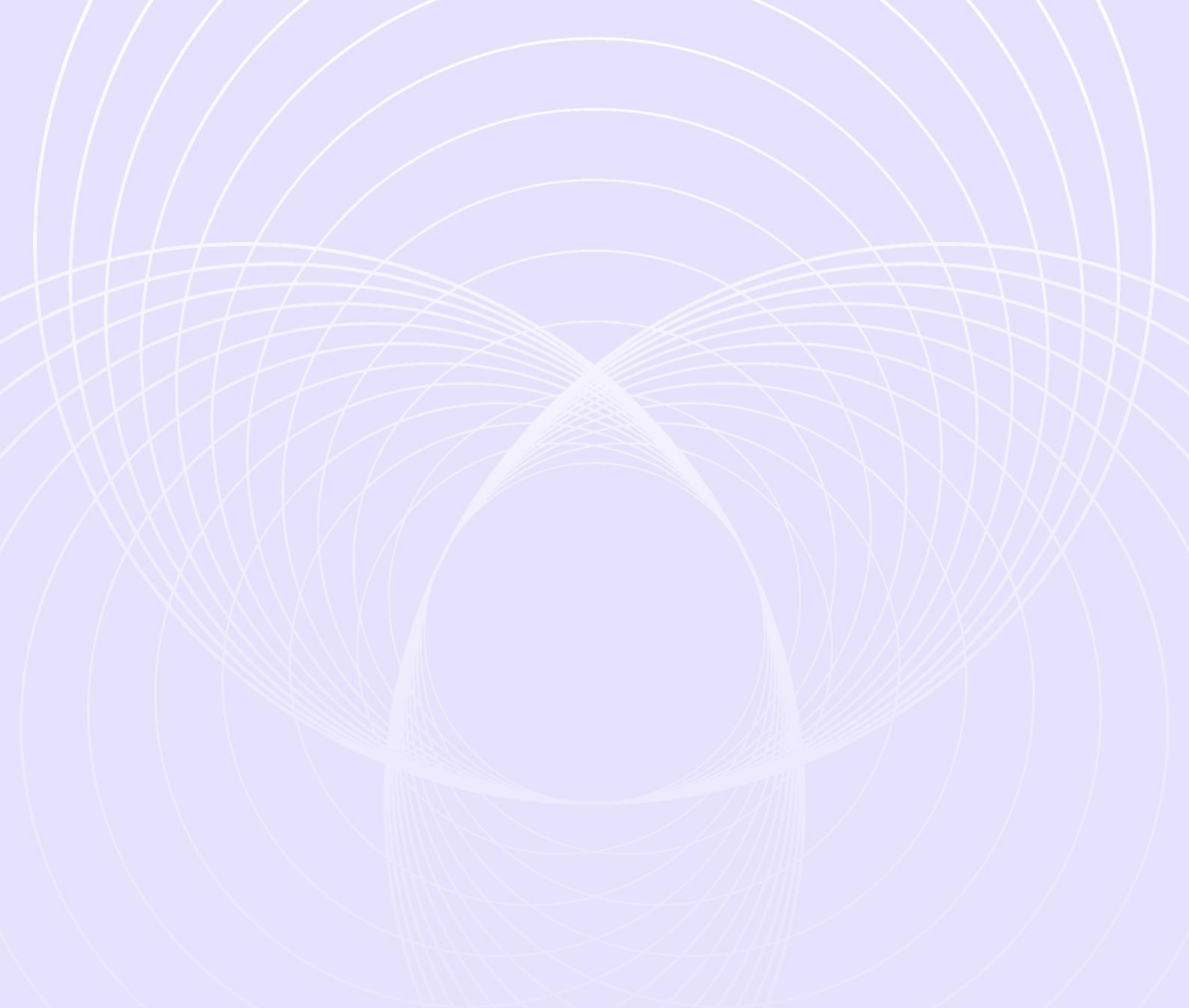
# Low Carbon Product Manufacturing



Construction ready stream  
funding guidelines

February 2024





## Acknowledgement of Country

The Department of Climate Change, Energy, the Environment and Water acknowledges that it stands on Aboriginal land. We acknowledge the Traditional Custodians of the land and we show our respect for Elders past, present and emerging through thoughtful and collaborative approaches to our work, seeking to demonstrate our ongoing commitment to providing places in which Aboriginal people are included socially, culturally and economically.

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Low Carbon Product Manufacturing, construction ready stream funding guidelines

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# Contents

<u>1.</u>	<u>Introduction</u>	<u>2</u>
<u>1.1</u>	<u>Delivering net zero manufacturing</u>	<u>2</u>
<u>1.2</u>	<u>Purpose of these guidelines</u>	<u>2</u>
<u>2.</u>	<u>Key dates and timelines</u>	<u>3</u>
<u>3.</u>	<u>Application process</u>	<u>4</u>
<u>4.</u>	<u>Eligibility criteria</u>	<u>6</u>
<u>4.1</u>	<u>Eligible applicants</u>	<u>6</u>
<u>4.2</u>	<u>Eligible projects</u>	<u>8</u>
<u>4.3</u>	<u>Eligible costs</u>	<u>10</u>
<u>4.4</u>	<u>Eligible grant amounts</u>	<u>10</u>
<u>5.</u>	<u>Merit criteria</u>	<u>11</u>
<u>5.1</u>	<u>Expression of interest</u>	<u>11</u>
<u>5.2</u>	<u>Detailed application</u>	<u>12</u>
<u>6.</u>	<u>Contact details</u>	<u>14</u>
<u>6.1</u>	<u>Contact information</u>	<u>14</u>
<u>6.2</u>	<u>Complaints</u>	<u>14</u>

# 1. Introduction

## 1.1 Delivering net zero manufacturing

The NSW Government is committed to achieving net zero emissions by 2050 and this will require supporting industry to decarbonise. Critical to enabling this is the [Net Zero Plan Stage 1: 2020-2030](#) (the Net Zero Plan). The Net Zero plan will fast-track emissions reductions over the next decade to combat climate change, grow the economy, create jobs and attract investment.

In its 2023 budget, the NSW Government announced \$480 million in funding to boost the net zero manufacturing initiative (the Initiative), which is a key part of the Net Zero Plan. The Initiative funding streams will build local manufacturing capacity and capability to deliver critical components for NSW's emerging renewable energy sector and new low carbon products.

The Initiative has allocated up to \$95 million in this round for the Low Carbon Product Manufacturing (LCPM) construction ready stream. This aims to support investment in new industrial facilities and advanced manufacturing capabilities to help decarbonise the NSW economy.

The construction ready stream will provide grants between \$2 million and \$20 million per project over more than one funding round. Its objectives are to:

- drive economic growth across NSW
- increase investment and employment in new low carbon industries
- support a diverse, self-sufficient, resilient and competitive low carbon manufacturing sector
- establish new industrial facilities and advanced manufacturing capabilities to help decarbonise NSW's economy.

## 1.2 Purpose of these guidelines

These guidelines provide information for applicants seeking to apply for the construction ready stream including:

- key dates and timeframes for this grant opportunity
- how to apply and critical information required to support your application
- eligibility and merit criteria
- the types of projects and costs that can be funded.

These guidelines must be read in conjunction with the [LCPM construction ready stream supplementary guidance](#) and frequently asked questions (FAQs) published on our [website](#). Our website also has an eligibility checker to help determine which Initiative stream is right for you.

## 2. Key dates and timelines

The construction ready stream follows a 2-stage application and assessment process: an expression of interest (EOI) stage followed by an invitation to a detailed application stage. Only EOIs that demonstrate compliance with the eligibility requirements and satisfy the merit criteria outlined in these guidelines will be invited to submit a detailed application.

Table 1 lists the indicative timeframes for the construction ready stream. These are subject to change at the discretion of the Department.

Table 1 Key dates and timelines

Stage	Timeframe
EOI open	26 February 2024
EOI close	19 April 2024
Notification of EOI outcome and successful applicants invited to submit a detailed application	14 June 2024 or as soon as possible after a decision has been made at the Department's discretion.
Detailed applications open	1 July 2024
Detailed applications close	6 September 2024
Notification of detailed application assessment outcome	29 November 2024, or as soon as possible after a decision has been made at the Department's discretion. Successful applicants will be notified and will be required to sign a confidentiality and conflict of interest document as well as a funding agreement.
Contracting and project commencement	Contract negotiations can commence once an applicant has signed and returned their confidentiality and conflicts of interest document. The project will begin once both parties have signed the funding agreement.
Project announcement	Public announcement, led by the Department, may occur at any time after the signing of a funding agreement.
Project completion	Projects must be delivered and operational within 4 years of contract execution and no later than 30 June 2032.
Project evaluation	Successful applicants will be required to participate in an evaluation after the project is completed. The evaluation will require applicants to provide evidence of how the project has resulted in measurable benefits consistent with the objectives of the Low Carbon Product Manufacturing construction ready stream.

# 3. Application process

The application process consists of 2 stages:

**Stage 1: Expression of interest (EOI)**

**Stage 2: Detailed application (by invitation only).**

EOIs that comply with the eligibility criteria and satisfy the merit assessment will be invited to submit a detailed application.

The application process, including the EOI and detailed application, consists of 8 steps.

## Step 1: before applying

Before applying you should:

- read all the information on our [website](#)
- use the eligibility checker on our website to find out which support you may be eligible for
- if support is identified, read the stream funding documents and other related documents published on our website
- register for the question and answer (Q&A) session on our website.

If you have any queries regarding the eligibility of your project, please email us at [netzeromanufacturing@environment.nsw.gov.au](mailto:netzeromanufacturing@environment.nsw.gov.au)

## Step 2: prepare and submit an EOI

Complete the [construction ready stream EOI form](#). Please refer to the [LCPM construction ready stream supplementary guidance](#) for the step-by-step process.

Applications must be submitted prior to the specified closing date and time to be eligible for further assessment.

Please note, if you do not receive an email confirming receipt of your application within 2 working days, please email us at [netzeromanufacturing@environment.nsw.gov.au](mailto:netzeromanufacturing@environment.nsw.gov.au) to confirm receipt.

If, by omission an applicant has submitted an application for a project that does not meet the scope of the construction ready stream but does meet the scope of one of the other funding streams in the Initiative (incorrect submission), the Department has the discretion to offer the applicant the opportunity to submit a proposal for the alternative stream. Any opportunity granted for the applicant to resubmit after the closing date will be limited to 5 business days.

## Step 3: EOI assessment

The Department will review the EOIs against the eligibility criteria. Eligible applications will be reviewed by a technical assessment team and independent panel for merit assessment and recommendations.

## Step 4: notification of EOI outcome and invitation for a detailed application

If your application is successful, we will invite you to submit a detailed application.

If your application is unsuccessful, we will notify you of the outcome via email and only provide an opportunity for feedback solely at the discretion of the Department.

## Step 5: prepare and submit a detailed application

Complete the construction ready stream detailed application form which will be provided by invitation only to shortlisted applicants.

Applications must be submitted prior to the specified closing date and time to be eligible for further assessment.

## Step 6: detailed application assessment

A technical assessment team and independent panel will review your application against the merit criteria. We expect that these reviews will take 8 - 10 weeks.

## Step 7: notification of assessment and funding agreement

If your application is successful, we will send you a written offer and the funding agreement. If your application is unsuccessful, we will notify you of the outcome via email.

## Step 8: project commencement

The project will commence following the signing of funding agreement.

During the application process, if there is any further information required by the assessor to confirm your eligibility or for merit scoring, the Department will request clarification or evidence to be submitted through [SmartyGrants](#).



# 4. Eligibility criteria

To be eligible for funding, your application must meet all eligibility criteria outlined below.

All applications need a lead applicant. The Department will only enter into a funding agreement with the lead applicant assessed during the application process.

Proposed changes to the lead applicant (during the application process or during the project) must be approved by the Department in writing. The Department reserves the right to determine the proposed lead applicant ineligible if they cannot satisfy the eligibility criteria.

Detailed guidance on the requirements for each eligibility criterion is provided in the [LCPM construction ready stream supplementary guidance](#).

## 4.1 Eligible applicants

Applicants can be based internationally<sup>1</sup>, interstate or in NSW. To be eligible for funding, the lead applicant must:

- hold or be willing to obtain an Australian Business Number (ABN) prior to entering into a funding agreement
- be or will become an entity type listed below prior to entering into a funding agreement:
  - a company incorporated in Australia
  - a company limited by guarantee
  - an incorporated trustee on behalf of a trust
  - an incorporated association or a co-operative
  - an Aboriginal and/or Torres Strait Islander Corporation registered under the *Corporations (Aboriginal and /or Torres Strait Islander) Act 2006*.
- be or will become registered for goods and services tax (GST) prior to signing a funding agreement
- hold or obtain all insurances required by law, including \$20 million public liability insurance and current worker's compensation policy, prior to entering into a funding agreement
- not be subject to any insolvency event including the subject of an order or resolution for winding up or dissolution (other than for reconstruction or amalgamation) or the appointment of a receiver, liquidator, administrator or similar
- not be listed on the Australian Department of Foreign Affairs and Trade (DFAT) sanctions list
- disclose any legal proceedings or investigations including litigation, arbitration, mediation or conciliation that are taking place, pending or (to the best of the applicant's knowledge, after having made proper enquiry) threatened against the applicant or a related body corporate (as defined in the *Corporations Act*) that may adversely impact the applicant's ability to fulfil its obligations under the funding agreement

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<sup>1</sup> International businesses will need an ABN, be registered for GST, have at least \$20 million in public liability insurance and be an eligible entity (as listed above) to enter into a funding agreement if successful.



- disclose all Australian Government and/or Australian state territory grants applied for in relation to the proposed project including a history of any grant funding awarded over the last 5 years (including both successful and unsuccessful applications)
- 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 applicants and the employees employed by the applicant
  - applicable Workplace Health and Safety legislation.
- achieve Foreign Investment Review Board (FIRB) approval before commencement of the project should it be required.

## Joint applications

Joint applications are permitted provided the lead applicant satisfies the eligibility criteria. The lead applicant must enter into the funding agreement and will be held ultimately responsible for the delivery of the project. The lead applicant must complete the application form and identify all other joint applicants in the application. If invited to submit a detailed application, the application must include a letter of support from each organisation involved in the application. Each letter of support should include:

- details of the joint applicant
- an overview of how the joint applicant will work with the lead applicant and any other joint applicants (if applicable) to successfully complete the proposed project
- an outline of the relevant experience and/or expertise the partner organisation will bring to the application
- the roles and responsibilities of the joint applicant and the resources they will contribute (if applicable)
- the amount and source of any financial contribution to the proposed project (if applicable)
- endorsement by an executive of each joint applicant committing to participation in the proposed project
- details of a nominated contact (management level).

Applicants must ensure they provide correct organisation names and details as this cannot be changed once the proposed project has been assessed. Signed formal agreements between all joint applicants will be required prior to executing the funding agreement.

## Ineligible applicants

Ineligible applicants include:

- Australian or NSW Government agencies, state owned corporations or statutory authorities
- local government authorities or their Section 355 committees
- organisations that do not have an ABN and are unable to obtain an ABN to enter a funding agreement

- unincorporated associations
- an individual (including sole traders)
- partnerships without nominating a lead applicant
- insolvent businesses.

## 4.2 Eligible projects

To be eligible for funding, the lead applicant must confirm the following:

- the project will deliver new or expanded industrial facilities in NSW that will manufacture eligible low carbon products and materials at commercial scale.<sup>2</sup> This includes:

- building materials
  - cement
  - steel
  - aluminium
  - cross laminated timber.
- ‘green’ chemicals
  - ammonia
  - methanol.
- biofuels derived from biomass (plant or algae material, or animal waste)
- power fuels produced with renewable energy
  - hydrogen
  - fuels derived from hydrogen.
- inputs needed for agricultural production (such as fertilisers, animal feeds, etc.).

- the project will manufacture an eligible low carbon product that demonstrates lower lifetime carbon dioxide equivalent (CO<sub>2</sub>e) emissions compared to equivalent conventional incumbent products. The applicant must be able demonstrate the emissions reduction potential thoroughly consistent with established emissions assessment methodologies
- the project will be located in NSW
- the project will be fully delivered within 4 years of execution of the funding agreement and no later than 30 June 2032
- the project is financially sustainable without continued government investment
- the project would not occur in NSW at all, or in the same timeframe, without government support
- the project has a viable commercial strategy

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<sup>2</sup> The technologies and processes used to manufacture the low carbon products and materials must be within the commercial readiness index (CRI) 3-6. Refer to the *LCPM construction ready supplementary guidance* for CRI descriptions.

- the applicant will provide a minimum cash contribution of at least 50% of the total proposed project cost from non-NSW Government sources (for example, applicant, collaborators, private or other public organisations). In-kind (non-financial) contributions are not counted towards a contribution of 50% of the total proposed project costs.

## Examples of eligible projects

Table 2 provides examples of projects that are eligible for funding under the construction ready stream.

This is not an exhaustive list of projects. It is designed to give applicants an idea of the type of projects that are eligible and their key benefits.

Table 2 Examples of eligible projects

Project
Conversion of an existing coal blast furnace steel production facility to produce green steel with low carbon-hydrogen. The hydrogen would be produced from electrolysis using renewable electricity. Hydrogen can replace a portion of the coal, thus reducing CO <sub>2</sub> e emissions from blast furnaces.
Manufacture of cements based on carbonation of calcium silicate binders that sequester CO <sub>2</sub> e by reabsorbing CO <sub>2</sub> e emissions during the curing process. These binders have a different chemical composition to ordinary portland cement.
Anaerobic digestion of organic biomass (organic waste fractions, waste from industrial grain distillers, agricultural residues, fuel crops) to produce biomethane for injection into gas pipelines.

## Ineligible projects

The following projects are ineligible for funding:

- projects requiring ongoing funding from the NSW Government
- projects that would proceed and be delivered within the same timeframe without government investment support
- projects that have already commenced for the scope of work for which funding is requested in the application
- projects that have already received NSW Government funding for the same outputs and outcomes.

## 4.3 Eligible costs

Funding may be used for capital expenses (CAPEX) and other costs directly related to the delivery of the project. Eligible costs may only be occurred once both parties have signed a funding agreement.

Eligible costs include:

- purchase of land (if necessary for the project and suitable alternatives to rent do not exist)
- purchasing, constructing, installing and/or commissioning new plant, equipment and/or machinery
- purchasing, constructing, establishing and/or fitting out new facilities, buildings or hubs
- purchasing technology and/or intellectual property (IP) required to undertake the project
- upgrading existing facilities, buildings, plant, equipment, machinery and/or technology where necessary to deliver the project
- external project management and administration costs (up to 10% of project cost).

## Ineligible costs

The following costs are ineligible:

- funding the day-to-day operations of business
- marketing and promotional costs
- costs incurred before both parties have signed a funding agreement
- cost already funded by other local, state or commonwealth government funding.

## 4.4 Eligible grant amounts

The funding that can be awarded ranges from \$2 million to \$20 million per successful application.

All grant amounts are GST-exclusive. Successful applicants will be paid the approved grant amount plus 10% by the Department if GST is applicable.



# 5. Merit criteria

This section outlines the merit criteria that your application will be assessed against during the EOI and detailed application stages.

For detailed guidance on the requirements for each merit criterion, please refer the [LCPM construction ready stream supplementary guidance](#).

## 5.1 Expression of interest

Eligible applications will be assessed against 3 merit criteria during the EOI stage. Applicants must satisfy the EOI merit criteria to be considered for progression to the detailed application stage.

Table 3 lists the EOI merit criteria.

Table 3 EOI merit criteria

Criteria	Description
1. Deliverability and technical feasibility	<ul style="list-style-type: none"> <li>• Technical capability, capacity and resources to deliver and operate the manufacturing facility.</li> <li>• Readiness to deliver an operational commercial-scale manufacturing facility within 4 years of execution of the funding agreement and no later than 30 June 2032.</li> <li>• The technology proposed to manufacture the low carbon product or material is commercially proven through successful operations.</li> </ul>
2. Financial and commercial feasibility	<ul style="list-style-type: none"> <li>• Market viability for the low carbon product or material.</li> </ul>
3. Strategic significance	<ul style="list-style-type: none"> <li>• The potential of the low carbon product to reduce emissions compared to a reference product/material of similar function.</li> </ul>



## 5.2 Detailed application

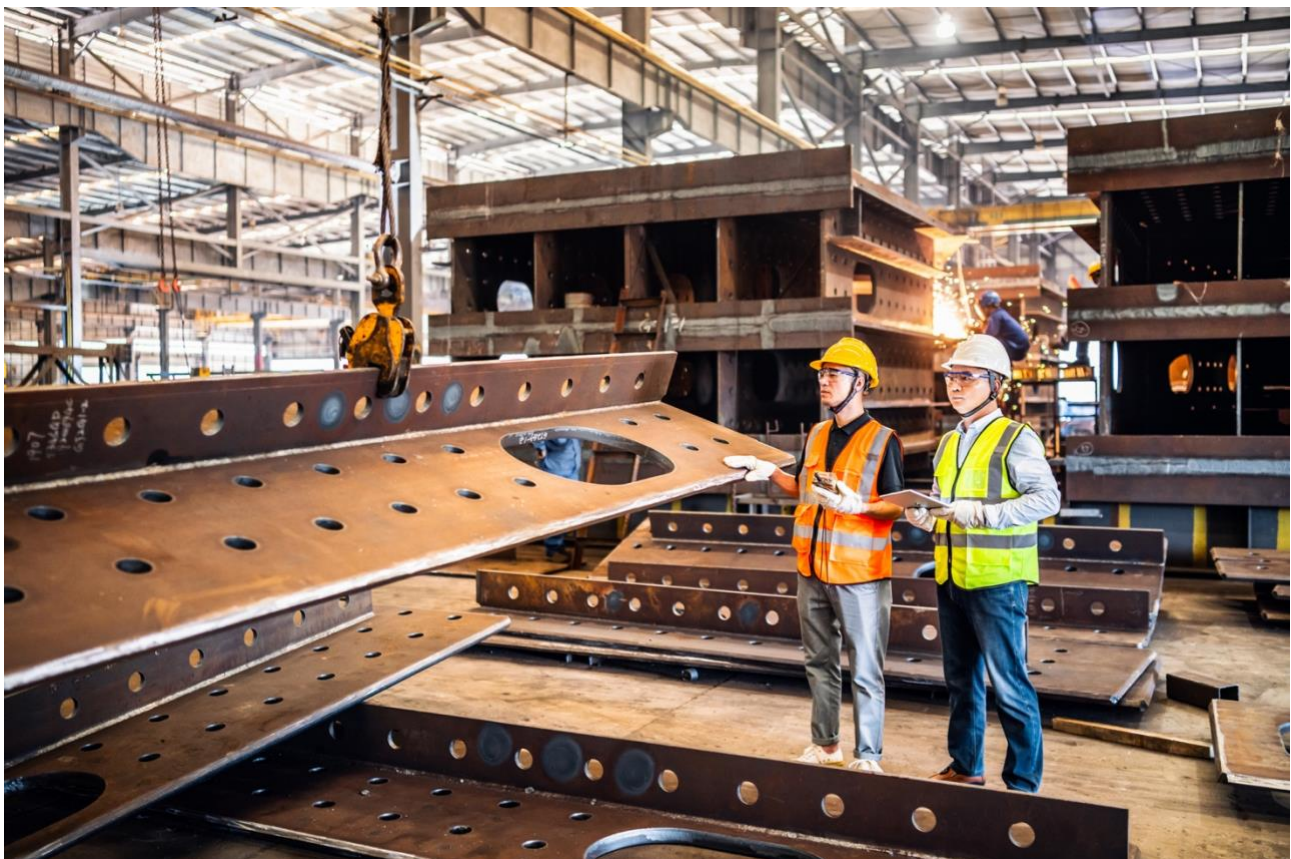
Eligible applications will be assessed against 4 merit criteria during the detailed application stage.

Table 4 lists the detailed application merit criteria.

Table 4 Detailed application merit criteria

Criteria	Description
<b>1. Deliverability and technical feasibility</b>	<p>A more detailed assessment of:</p> <ul style="list-style-type: none"> <li>• technical capability, capacity and resources to deliver and operate the manufacturing facility</li> <li>• readiness to deliver an operational commercial-scale manufacturing facility within 4 years of execution of the funding agreement and no later than 30 June 2032</li> <li>• the technology proposed to manufacture the low carbon product or material is proven through successful operations.</li> </ul>
<b>2. Financial and commercial feasibility</b>	<p>A more detailed assessment of:</p> <ul style="list-style-type: none"> <li>• market viability for the low carbon product or material</li> </ul> <p>and</p> <ul style="list-style-type: none"> <li>• financial viability and profitability of the proposed manufacturing of the product/material</li> <li>• financial viability of existing business entity, a parent company or participant in a joint venture.</li> </ul>
<b>3. Strategic significance</b>	<ul style="list-style-type: none"> <li>• The potential of the low carbon product to reduce emissions compared to a reference product/material of similar function.</li> <li>• The contribution to the objectives of the commercial manufacturing stream by providing flow-on economic benefits for other NSW businesses, industries or regions.</li> <li>• The extent to which the project will contribute to employment opportunities.</li> <li>• The extent to which the proposed project incorporates circular economy principles and maximises process efficiency.</li> </ul>

Criteria	Description
<p>4. Value for money and affordability to government</p>	<ul style="list-style-type: none"> <li>• The value of the contribution of the proposed project to the NSW economy as determined by a cost-benefit analysis (CBA) undertaken by the Department. Projects will generally be required to produce a benefit-cost ratio (BCR) above one and a positive net benefit (Net Present Value) per dollar of government grant.</li> <li>• The value of the funding contribution in the form of committed finance from the applicant, partners and other non-NSW Government sources as a percentage of the total proposed project cost. Contributions from non-NSW Government sources must be at least 50% of the total project cost. In-kind (non-financial) contributions are not eligible.</li> </ul>



# 6. Contact details

## 6.1 Contact information

Frequently asked questions and other resources to assist with applications may be found on our [website](#).

Department staff are available to assist with any questions during the application process. Please note that the Department is not able to assist applicants with the preparation of their application.

The Department's relevant project team can be contacted by emailing [netzeromanufacturing@environment.nsw.gov.au](mailto:netzeromanufacturing@environment.nsw.gov.au)

The Department will use its best endeavours to respond to all emailed questions within 3 business days.

## 6.2 Complaints

Any concerns about the Initiative and Low Carbon Product Manufacturing construction ready stream should be submitted in writing to [netzeromanufacturing@environment.nsw.gov.au](mailto:netzeromanufacturing@environment.nsw.gov.au)

If you disagree with the way the Department has handled the issue, you may contact the NSW Ombudsman via [www.ombo.nsw.gov.au](http://www.ombo.nsw.gov.au)







### For more information

For more information about the Net Zero Manufacturing Initiative grants please visit our website or contact us via the email below.

[www.energy.nsw.gov.au/net-zero-manufacturing-initiative](http://www.energy.nsw.gov.au/net-zero-manufacturing-initiative) |  
[netzeromanufacturing@environment.nsw.gov.au](mailto:netzeromanufacturing@environment.nsw.gov.au)