

Department of Climate Change,  
Energy, the Environment and Water


# Low Carbon Product Manufacturing



Project development 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.

Published by NSW Department of Climate Change, Energy, the Environment and Water  
[dceew.nsw.gov.au](http://dceew.nsw.gov.au)

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First published: February 2024

This publication was revised in April 2024

ISBN: 978-1-923132-54-2

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# 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 \$5 million in this round for the Low Carbon Product Manufacturing (LCPM) project development stream to support investment in new industrial facilities and advanced manufacturing capabilities to help decarbonise the NSW economy.

The project development stream will provide grants between \$50,000 and \$900,000 to co-fund project development activities. These activities will help businesses proposing to manufacture eligible products reach a financial investment decision (FID) to build new manufacturing facilities or expand existing facilities.

The term 'project' is used in these guidelines to refer to prescribed project development activities that will support an FID to build a low carbon product manufacturing facility.

The Initiative is administered by the Department of Climate Change, Energy, the Environment and Water (the Department). For enquiries or questions related to these guidelines, the Initiative and its streams, please email us at [netzeromanufacturing@environment.nsw.gov.au](mailto:netzeromanufacturing@environment.nsw.gov.au)

## 1.2 Purpose of these guidelines

These guidelines provide information for applicants seeking to apply for the project development 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 should be read in conjunction with the [LCPM project development stream supplementary guidance](#) and frequently asked questions 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 project development stream has a single-stage application process.

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

Table 1 Key dates and timelines

Stage	Timeframe
Detailed applications open	26 February 2024
Detailed applications close	17 May 2024
Notification of assessment outcome	19 July 2024, or as soon as possible after a decision has been made at the Department's discretion. Successful applicants will be notified and required to sign a confidentiality and conflict of interest document as well as a funding agreement.
Contracting and project commencement	Contract negotiation can commence once an applicant has signed and returned their confidentiality and conflict of interest document. The project can begin after both parties have signed the funding agreement.
Project announcement	Public announcement, led by the Department, may occur at any time after the signing of the funding agreement.
Project completion	The project must be completed within 18 months of execution of the funding agreement.
Project evaluation	Successful applicants will be required to participate in an evaluation after the project has been 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 project development stream.



# 3. Application process

The application process consists of a single stage detailed application. Further details on each application step have been provided below.

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

The application process consists of 5 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 a detailed application

Complete [the Low Carbon Product Manufacturing project development stream detailed application form](#). Please refer to the [LCPM project development 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 response 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 project development stream but does meet the scope of one of the other funding streams in the (incorrect submission), the Department has the discretion to offer the applicant the opportunity to submit a proposal for the alternative stream. Any granted opportunity for the applicant to resubmit after the closing date will be limited to 5 business days.

## Step 3: detailed application assessment

An assessment committee will review your application against the merit criteria. We expect that these reviews will take 6 - 8 weeks.

## Step 4: 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 5: project commencement

The project will commence following the signing of the funding agreement.



# 4. Eligibility criteria

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

All applications must have 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 project development stream supplementary guidance](#).

## 4.1 Eligible applicants

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 co-operative
  - an Aboriginal and/or Torres Strait Islander Corporation registered under the *Corporations (Aboriginal and/or Torres Strait Islander) Act 2006*.
- hold or acquire all insurances required by law including \$10 million public liability insurance and current workers 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 the purposes of 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 that would adversely and materially affect the execution or outcomes of the project and/or that may adversely impact the reputation of the NSW Government
- disclose all Australian Government and/or Australian state, territory grants applied for in relation to the project including a history of grant funding 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.



## 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. The lead applicant must also 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 project
- an outline of the relevant experience and/or expertise the partner organisation will bring to the project
- 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 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).

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
- other unincorporated organisations
- 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 help reach a FID to build a commercial scale manufacturing facility for low carbon products in NSW. The products include:

- 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 fits one of the 4 categories outlined in the section below (*categories of eligible projects*)
- would not occur at all or in the same timeframe without government support
- the project will be completed within 18 months of the funding agreement execution
- the applicant will provide a minimum cash contribution of at least 50% of the total 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 project costs.

### Categories of eligible projects

Organisations preparing to commercially manufacture their low carbon product can apply for funding for 4 types of project development activities. The activities, listed in table 2, should facilitate a financial investment decision to establish a new or expanded manufacturing facility. If an applicant intends to carry out more than one eligible project, then a separate application must be submitted for each intended category.

Table 2 Categories of projects that are eligible for funding

Category	Description
A	Front-end engineering design (FEED)
B	Product carbon footprint assessment
C	Product compliance and certification study to scale manufacturing
D	Manufacturing facility development approval

### Category A: Front-end engineering design (FEED) study

This includes:

- engineering designs covering civil, structural, mechanical, hydraulics, electrical, instrumentation and controls
- process flow diagrams, instrumentation diagrams and electrical diagrams
- equipment sizing and specifications including the balance of plant items
- budget and scope preparation to build the low carbon product manufacturing facility
- project delivery requirements and scheduling
- health and safety and hazard operational analysis (HAZOP) studies project risk management.

### Category B: Product carbon footprint assessment

A carbon footprint assessment of the proposed low carbon product based on accepted protocols and standards such as the Greenhouse Gas Protocol – Product Life Cycle Accounting and Reporting Standard or PAS 2050:2008 Specification.

### Category C: Product compliance and certification study to scale manufacturing

This includes:

- determining minimum standards or specifications required for the product, based on Australian Standards (AS/NZS) requirements and other prevailing industry-accepted standards and rules
- testing the product's design and performance against the nominated standard or specifications
- product certification.

### Category D: Manufacturing facility development approval

This includes:

- planning studies to assess the facility's location and the facility's compatibility with relevant state government and local government planning approval requirements including

local environmental plans, state environment planning policies and development consent needs

- preparation of an environmental impact statement if the development is considered a designated development *Environmental Planning and Assessment Act 1979* or is declared a state-significant development.

## Examples of eligible projects

Table 3 provides examples of projects that are eligible for funding under project development.

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

Table 3 Examples of eligible projects

Project
<p>Engineering and technical studies for the establishment of a commercial-scale green cement manufacturing facility in NSW. The project seeks to use commercialised technology involving the use of binding calcium silicate geopolymers to substitute portland cement, which will help sequester CO<sub>2</sub>e through reabsorption during the curing process. The project involves:</p> <ul style="list-style-type: none"> <li>• FEED study (Cat A) to prepare detailed engineering designs, process flow diagrams, equipment specifications, and a precise material and energy balance.</li> <li>• The technical study (Cat C) to assess the final product's compliance requirements.</li> </ul>
<p>Development approval (DA) package for establishing a commercial-scale green ammonia production facility in NSW.</p> <p>Based on the feasibility study and ongoing FEED, the facility will be powered by a 50 megawatt (MW) solar farm generating 73 gigawatt hours (GWh) of renewable electricity annually. This energy will be used to power an electrolysis process using a hydrogen electrolyser which splits water into hydrogen and oxygen. The hydrogen will be used to produce green ammonia.</p> <p>The project (Cat D) will be the preparation of an environmental impact assessment to secure development approval for the solar farm and hydrogen production and storage facility.</p>

## Ineligible projects

The following projects are ineligible for funding:

- market studies
- feasibility studies
- business cases
- projects that have already received NSW Government funding for the same outputs and outcomes.

## 4.3 Eligible costs

Funding may be used for 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:

- costs of contractors or consultants to manage the project or deliver specific components of the project.
- expenditure to employ project staff critical to delivery of the project. You cannot use funds to cover the labour costs of existing positions undertaking other work within your organisation.
- administration costs directly related to the project (up to 10% of project cost).

## Ineligible costs

The following costs are ineligible for funding:

- any costs associated with projects other than those outlined in section 4.2
- any costs related to existing casual, part-time or full-time employee of the lead applicant or joint applicant partners
- any government fees such as development application fees
- any sales, marketing or promotional activities
- any license fees such as engineering software
- costs incurred prior to both parties signing the funding agreement.

## 4.4 Eligible grant amounts

Table 4 shows the eligible grant amounts for the different categories of project. Applicants can apply for funding for multiple categories of projects but must submit separate applications for each eligible project. If an applicant is successful in obtaining funding for more than one project, the total amount of funding the applicant can receive will be capped at \$1 million and must not exceed 50% of the total cost of the selected project.

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

Table 4 Eligible grant amounts per project category

	Category@	Amount
A	Front-end engineering design (feed) study	A maximum of 50% of eligible costs up to \$900,000
B	Product carbon footprint assessment	A maximum of 50% of eligible costs up to \$50,000
C	Product compliance and certification study to scale manufacturing	A maximum of 50% of eligible costs up to \$50,000
D	Manufacturing facility development approval	A maximum of 50% of eligible costs up to \$150,000

## 5. Merit criteria

This section outlines the merit criteria used to assess applications. Table 5 identifies the merit criteria.

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

Table 5 Merit criteria

Criteria	Description
1. Purpose and capability to deliver	<ul style="list-style-type: none"> <li>The need and justification for the project</li> <li>The readiness to commence and complete the project within 18 months of the execution of the funding agreement.</li> <li>The experience and capability to deliver the project.</li> </ul>
2. Strategic significance	<ul style="list-style-type: none"> <li>The emission reduction potential (CO<sub>2e</sub>) of the proposed product compared to conventional products or materials with similar functions.</li> </ul>
3. Value for money	<ul style="list-style-type: none"> <li>The cost-effectiveness of the proposed budget for the project.</li> <li>The total value of the applicant's cash contributions (including contributions from other non-NSW government sources) as a percentage of the total project development project cost.</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 question during the application process. Please note, 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 project development stream should be submitted in writing to [netzeromanufacturing@environment.nsw.gov.au](mailto:netzeromanufacturing@environment.nsw.gov.au)

If you do not agree 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)