

*"It's time to
take charge of our
energy future"*

SA Energy Plan
Renewable Technology Fund

Investment Guidelines



WE ARE CLOSE TO ACHIEVING OUR
TARGET OF 50 PER CENT RENEWABLE
ENERGY GENERATION BY 2025,
LARGELY THROUGH THE PRIVATE SECTOR
DEVELOPMENT OF WIND GENERATION AND
MORE RECENTLY SOLAR PV GENERATION.

THE RENEWABLE TECHNOLOGY FUND
WILL SUPPORT PROJECTS THAT MAKE
RENEWABLE ENERGY AVAILABLE
24 HOURS A DAY, 7 DAYS A WEEK.

OUR GREEN
ENERGY
TARGETS

50%
OF ELECTRICITY
FROM RENEWABLE
SOURCES
BY **2025**

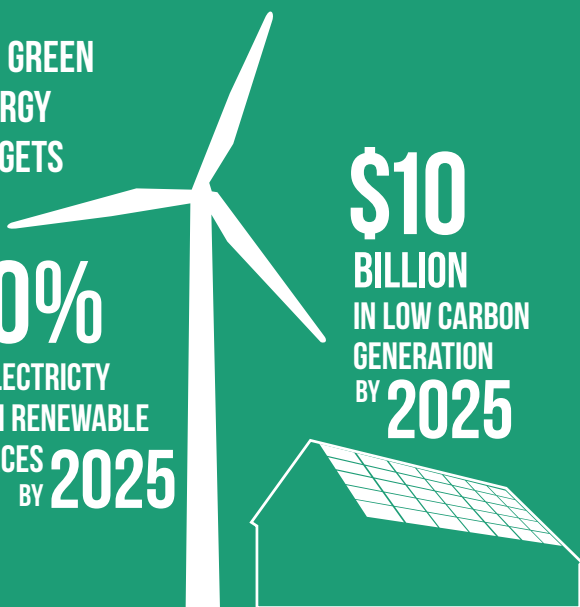
\$10
BILLION
IN LOW CARBON
GENERATION
BY **2025**

ACHIEVE NET
ZERO
EMISSIONS BY
2050

ESTABLISH ADELAIDE
AS THE WORLD'S

FIRST

CARBON NEUTRAL CITY



1. INTRODUCTION

South Australia's significant installed capacity in renewables has translated into investment to the State of over \$7.3 billion to date. This investment has been driven by the national Renewable Energy Target in combination with the investment signal sent by South Australia's planning policy framework as well as long term targets for renewable energy and emissions reduction.

In recognition of these economic benefits, South Australia has committed to an investment target of \$10 billion in low carbon generation by 2025.

To reinforce our role as a global leader in renewable energy, it now makes sense for South Australia to catalyse investment to support further integration of the next generation of renewable technologies (including batteries, pumped hydro, hydrogen, biomass and solar thermal) and demand management technologies.

In addition, recent events have highlighted the need to fast-track South Australia's energy transformation and improve electricity market competition.

The Renewable Technology Fund (Fund) was established as one of the key components of South Australia's Energy Plan announced in mid-March 2017.

The Fund will accelerate the deployment of these technologies, which are able to provide system security measures that are comparable to traditional thermal generators such as fast frequency response, peak generation capacity and firm dispatchable energy

supplies. Investments by the Fund are expected to complement our gas generation portfolio, reduce South Australia's reliance on the interconnector and appropriately replace retiring generation assets.

The first investment from the Fund has accelerated the development and grid-connection of a 100MW battery facility by 1 December 2017 to provide system security services for the State.

As well as improving system security, investments by the Fund are also expected to bring about improvements in affordability and broader community benefits such as job creation and industry development.

The Fund will have a total value of \$150 million comprising equal tranches of grant funding and other financing.

The Fund will be administered by the Low Carbon Economy Unit (LCEU) of the Department of the Premier and Cabinet with oversight from the Energy Plan Implementation Committee (Committee) which was established to implement the Energy Plan. The LCEU was established to maximise economic opportunities from decarbonising the state's economy, including the identification of opportunities to leverage investment and funding from the Australian Renewable Energy Agency (ARENA), the Clean Energy Finance Corporation (CEFC) and other sources of Commonwealth, State and private sector investment.

These Investment Guidelines (Guidelines) provide guidance for proponents considering submitting a proposal seeking an investment from the Fund by describing:

- the objectives of the Fund
- methods of investing
- eligibility requirements
- the decision making criteria
- the assessment and approval process
- how to apply.

The Minister for Mineral Resources and Energy (Minister) reserves the right to vary these Guidelines as appropriate.

2. OBJECTIVES OF THE FUND

The objectives of the Fund are to:

- catalyse private sector investment to support further integration of renewable technologies (including battery facilities, pumped hydro, solar thermal, biomass and hydrogen) and demand management technologies in South Australia
- collaborate with ARENA and CEFC in relation to investment opportunities in South Australia; and
- fast-track South Australia's energy transformation and improve electricity market competition.

To achieve these objectives, the Government will:

- prepare and release various Calls for Proposals and subsequently assess and determine whether to invest in one or more Investment Opportunities
- identify and pursue Investment Opportunities with ARENA, the CEFC and other Commonwealth, State and private sector investors; and
- regardless of whether a Proposal has been submitted, identify and enter into direct negotiations with suitable counterparties to conclude appropriate investment documentation in relation to Investment Opportunities.

3. METHODS OF INVESTING

The Fund may invest in Investment Opportunities in a number of different ways.

Low interest loans and grant funding may be the most common methods of investing.

These methods of investing (further described below) are not exhaustive and the Government retains the right to pursue other methods of investing, including structured financial arrangements in appropriate circumstances – particularly when working with ARENA, the CEFC and other Commonwealth, State and private sector investors to identify and pursue Investment Opportunities.

3.1 FUND LOANS

Preference will be given to Proposals where a government loan will supplement commercial finance.

Loans will generally be:

- provided through the South Australian Government Financing Authority (SAFA)
- provided over 2-7 year terms (or as negotiated)
- available to be drawn down as performance milestones, including expenditure, are achieved.

It is intended that loans will be refinanced with commercial providers within seven years.

Proposals for a Fund loan should be submitted in response to a Call for Proposals available via ourenergyplan.sa.gov.au

Failure to meet agreed performance targets may result in a request for the loan to be repaid or refinanced at commercial rates.

3.2 FUND GRANTS

Proponents must contribute matching funds of at least the amount of the grant sought.

Proposals for a Fund grant should be submitted in response to a Call for Proposals available via ourenergyplan.sa.gov.au

Grant funding may be provided:

- in a phased approach, based on the achievement of pre-agreed performance milestones; or
- as payment for services performed.

Failure to maintain agreed targets or performance levels may result in a request for all or part of the grant to be repaid.

3.3 BUSINESS CASE SUPPORT GRANTS (OPTIONAL)

Grants of up to \$50,000 are available to assist Proponents to develop a business case in support of a Proposal.

Applicants must contribute matching funds of at least the amount of the business case support grant sought.

Applications for business case support grants should be submitted in response to a Call for Proposals available via ourenergyplan.sa.gov.au

Applications for business case support grants will be assessed against the eligibility criteria and key decision making criteria outlined in the following sections. The Chief Executive of the Department of the Premier and Cabinet, or their approved delegate, will approve business case support grants.

4. ELIGIBILITY

4.1 WHO CAN SUBMIT A PROPOSAL OR AN APPLICATION FOR A BUSINESS CASE SUPPORT GRANT

Businesses and other non-government organisations are eligible where they can demonstrate that:

- the organisation meets any specific eligibility criteria specified in a Call for Proposals
- the organisation is a legal entity with which the South Australian Government can enter into a legally binding agreement. The State may require related entities (for example, holding companies) to be a party to the agreement as Guarantor of both performance obligations and the repayment amount should a repayment event occur
- the organisation is financially viable, as evidenced through independently prepared financial statements
- the organisation has an Australian Business Number; and
- the organisation is registered for GST.

4.2 ESSENTIAL CRITERIA

All Proponents of Investment Opportunities, as well as applicants for business support grants, will be required to demonstrate that:

- the business proposition, after the initial Fund support, is sustainable over the longer term without further government assistance
- the Proposal will contribute to achieving one or more of the objectives of the Fund
- the Proposal meets any specific criteria specified in a Call for Proposals; and
- the organisation has the managerial capability and financial capacity to implement the Proposal.

Proponents will also be required to share knowledge gained from the Investment (and where applicable comply with the South Australian Industry Participation Policy).

Fund grants and loans will not be provided where:

- projects have been completed prior to receipt of the Proposal
- full commercial finance is available.

4.3 REQUIRED INFORMATION

Proposals must be supported by a business case, including profit and loss, cash flow, and balance sheet projections for at least three years including any other grants and contributions to the project. These projections must demonstrate ongoing viability beyond the investment phase.

Proposals must provide other required information specified in a Call for Proposals.

Details of all State and Commonwealth grant funding or financial assistance received in the past two years and any pending applications must be disclosed on application to the Fund.

4.4 KEY DECISION MAKING CRITERIA

Proposals will be assessed according to whether they:

- meet the eligibility criteria outlined above
- contribute to achieving one or more of the objectives of the Fund
- have a viable business case and a proponent that has managerial capability and financial capacity to implement the project
- do not face other significant barriers to commencement should funding be approved; and
- are best suited to support through the Fund, or other State, Commonwealth and/or Local Government or industry sources.

5. ASSESSMENT AND APPROVAL

The Committee is comprised of senior executives from across Government and will provide recommendations to the Minister to invest in a range of Investment Opportunities.

The Committee will be supported by the LCEU which will assess Proposals against the specified criteria. The LCEU may contact Proponents' nominated contact officers for clarification on aspects of their Proposals. Proponents will be expected to provide a response in writing, or a copy of any additional documentation requested by LCEU within reasonable timeframes specified in LCEU's correspondence.

In assessing Proposals, the LCEU will seek advice from subject matter experts from across government.

Potential proponents should note that information received in connection with an application may be used and communicated outside the Government of SA for due diligence purposes and may also be provided to the Australian Government and third parties engaged by the Government to assist with the assessment of the Proposals received, together with program monitoring, reporting and evaluation purposes.

Final decisions as to Investment Opportunities will be made by Cabinet or an appropriate Cabinet Committee (on the recommendation of the Minister). The Chief Executive of the Department of the Premier and Cabinet, or their approved delegate, will approve business case support grants.

The Minister is not obliged to recommend any Proposal or application.

The Minister may consider or accept (at the Minister's sole discretion) any application or Proposal including without limitation a late application or application from an applicant who has failed to submit in accordance with these guidelines (including for proposals outside of identified sectors and capabilities). No approval of an application or Proposal, nor any notification to a Proponent that its application or Proposal is successful, nor any invitation to negotiate will be effective to constitute a contract or to create any legitimate expectation on the part of the application unless a formal written contract is executed by both parties.

Investments will be provided to successful applicants by the Minister. To access the financial assistance, successful Proponents will be required to sign an Agreement with the Minister stipulating obligations of the applicant and the conditions under which assistance is given.

6. HOW TO APPLY

All applications and Proposals to the Fund should be submitted via email to DPCRenewablesSA@sa.gov.au

All applications and Proposals to the Fund should be submitted to the Low Carbon Economy Unit in the Department of Premier and Cabinet via email to DPCRenewablesSA@sa.gov.au

LCEU staff are available to discuss funding applications with proponents via DPCRenewablesSA@sa.gov.au or (08) 8429 5082 or (08) 8429 5285.

6.1 CONFIDENTIALITY AND COMMERCIAL-IN-CONFIDENCE CONSIDERATIONS

If a Proponent believes that any information provided in their application is confidential or commercial-in-confidence, the applicant must clearly identify such information and the reason for its confidentiality.

Proponents should be aware that the LCEU is subject to certain legislative and administrative accountability and transparency requirements of the Australian Government and Government of South Australia, including public disclosure in accordance with Department of the Premier and Cabinet policy.

The LCEU will treat all information provided by Proponents sensitively. Any information contained in, or relating to, an application proposal, including information identified by a Proponent as confidential, may be disclosed by the LCEU:

- to its employees, advisers or third-parties in order to evaluate and assess an application or Proposal
- within the Government of South Australia or other entities where this serves the legitimate interest of the LCEU
- in response to a request by a House or Committee of the Parliament of the Commonwealth of Australia or South Australia
- if the application or Proposal is successful, for promotion of project activities and outcomes

- where information is authorised or permitted by law to be disclosed; and
- where the information is already in the public domain.

6.2 COPYRIGHT

By submitting an application or a Proposal a Proponent will be taken to:

- license the Government of South Australia to reproduce for the purpose of this process, the whole or any portion of application or Proposal despite any copyright or other intellectual property right that may subsist; and
- transfer ownership in the documents and any other materials constituting the application or Proposal to the Minister.

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All applications and Proposals to the Fund should be submitted via email to DPCRenewablesSA@sa.gov.au

6.3 WHAT TO SUBMIT

Applications or Proposals must include the required information specified in the relevant Call for Proposals which is likely to include a majority of the following:

- name of applicant / Proponent
- contact details for the authorised person who will act as the nominated contact for the application and from whom more information or clarification about the application can be sought, if required
- a recent, full financial statement including a Profit and Loss Statement and a Statement of Position, which identifies both assets and liabilities. Professionally prepared by an independent accountant
- a business case for the proposed project, including: details of the nature, location, type and scale of project/program
- profit and loss, cash flow, and balance sheet projections for at least three years including any other grants and contributions to the proposal, and supporting documentation (including, where available, quotes from suitably qualified contractor/s or design consultants)
- key assumptions underpinning cash flow projections
- details of project/program financing, including information regarding the availability of borrowings or internal financing for the proposal, as well as other sources of financing (including other government grants or private contributions)
- details of all State and Commonwealth funding, grants or other financial assistance received in the past two years and any pending applications
- a delivery timetable, including provision for necessary approvals (if applicable), estimates of direct additional employment generated over the construction period (where relevant), and estimates of the type, number and location of ongoing direct jobs created
- any additional ongoing indirect employment supported by the proposal
- an undertaking to use Australian certified steel products
- any other supporting project preparation documentation (e.g. cost-benefit analysis, project scoping, options studies, design and other relevant work) demonstrating compliance with the eligibility criteria
- for Fund loans:
 - evidence that the applicant cannot source the full amount of commercial finance necessary
 - the preferred loan term; and
 - identification the proposed security for the loan, for example mortgage, fixed and/or floating charge, Directors guarantees.
- any specific information requested in the relevant Call for Proposals.