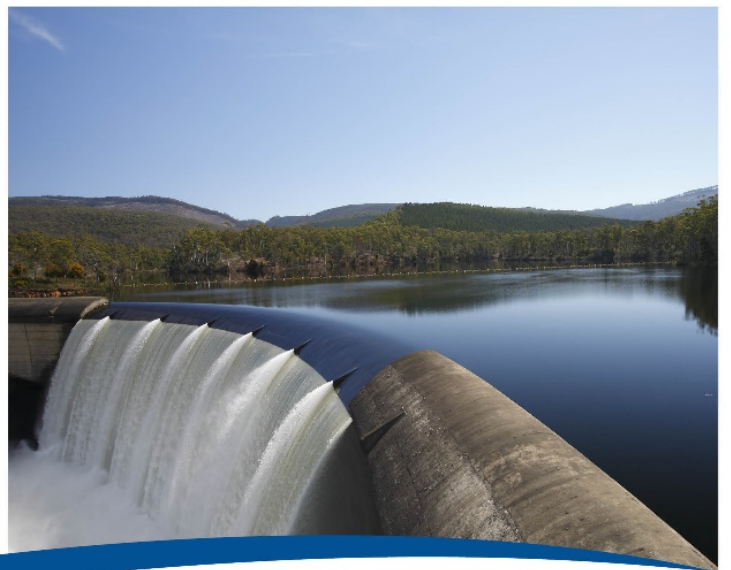


# Tasmanian Renewable Hydrogen Industry Development Funding Program



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## Updates log

Date	Update
27 May 2020	Section 8.4 – SmartyGrants link updated
7 August 2020	Section 5 – Clarification on need for an Australian Business Number (ABN).

Bell Bay cover image © Luke O'Brien Photography.

# I. Executive summary

The Tasmanian Government is highly supportive of seeing a renewable hydrogen industry flourish within the state, both for domestic and export applications, as outlined in the Tasmanian Renewable Hydrogen Action Plan (the action plan).

To assist the industry develop, the Tasmanian Government is calling for proposals from proponents wishing to undertake significant investments into the establishment of renewable hydrogen facilities and activities in Tasmania.

The Tasmanian Government has developed a comprehensive \$50 million package of support measures, to be delivered over a period of up to 10 years, to facilitate renewable hydrogen industry development in Tasmania, consistent with meeting the vision and goals of the action plan.

Key financial support measures available under the Tasmanian Renewable Hydrogen Industry Development Funding Program (the funding program) include:

- A \$20 million Tasmanian Renewable Hydrogen Fund
- \$10 million in support services including financial assistance for renewable electricity supply (and payroll tax relief)<sup>1</sup>, and
- \$20 million in concessional loans.

These funding program guidelines describe how prospective applicants can seek access, through a competitive process, to the financial support measures offered by the Tasmanian Government. Section 3 describes in more detail the process for applications for support under these guidelines.

The funding program is available for renewable hydrogen projects and feasibility studies located in Tasmania. A two stage application process will apply for projects, consisting of a project expression of interest (EOI) proposal stage and, if invited, a project full application stage. A single feasibility study proposal stage will apply for feasibility studies.

Proposals must meet the eligibility criteria to be considered for assessment.

Eligible proposals will be assessed against a series of merit criteria. A key criterion is for all projects and feasibility studies to be undertaken in a manner that meets the action plan vision and goals.

All enquiries about the funding program and these guidelines, and requests for clarification or additional information, must be directed to the contact officer ([h2funding@stategrowth.tas.gov.au](mailto:h2funding@stategrowth.tas.gov.au)).

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<sup>1</sup> Note that payroll tax relief may be available as a rebate for eligible businesses and is not directly available through this competitive funding program round.

## 2. Key dates

<b>Event</b>	<b>Date</b>
Project EOI proposal (stage 1) and feasibility study proposal stage opens	19 May 2020
Project EOI proposal (stage 1) and feasibility study proposal submissions close	18 August 2020
Successful feasibility studies announced	October 2020
Invitation to short-listed project applicants to submit project full application (stage 2)	October 2020
Project full application (stage 2) submissions close	To be determined
Successful projects announced	Within first half of 2021

Note these dates are subject to change given current uncertainties regarding the impacts of COVID-19. The closing date for project full application (stage 2) submissions will be determined after stage 1 has concluded and will take into account discussions with shortlisted stage 1 applicants and the status of COVID-19 impacts at that juncture.

## 3. Overview

### 3.1 Purpose and objectives

The action plan outlines a package of Tasmanian renewable hydrogen financial support measures, which will assist with facilitating the development of a renewable hydrogen industry in Tasmania in line with the Tasmanian Government's renewable hydrogen vision and goals.

These funding program guidelines describe the competitive process for potential applicants seeking access to the suite of Tasmanian renewable hydrogen financial support measures offered by the Tasmanian Government. These guidelines should be read in conjunction with the action plan.

The action plan vision indicates:

*Tasmania will use our existing and expandable renewable energy resources to become a leader in large-scale renewable hydrogen production. From 2030 we will be a significant global supplier of renewable hydrogen for export and domestic use.*

The action plan goals include:

*By 2022 to 2024*

- *Tasmania has commenced production of renewable hydrogen.*
- *Locally produced renewable hydrogen is being used in Tasmania.*
- *Export based renewable hydrogen production projects are well advanced.*

*By 2025 to 2027*

- *Tasmania has commenced export of renewable hydrogen.*

*From 2030*

- *Tasmania is a significant global producer and exporter of renewable hydrogen.*
- *Locally produced renewable hydrogen is a significant form of energy used in Tasmania.*

The objectives of the funding program are to facilitate the development of a renewable hydrogen industry in Tasmania:

- In accordance with the action plan vision and goals
- That is aligned with an efficient, integrated and coordinated industry development approach
- That will ultimately provide economic, environmental and social benefits for Tasmania.

## 3.2 Scope and priorities

The Tasmanian renewable hydrogen financial support measures available under the funding program will provide financial assistance for projects and feasibility studies that, in the opinion of the assessment panel, will best place Tasmania to achieve the vision and goals set out in the action plan.

The financial support measures are available for activities related to renewable hydrogen production, storage, distribution, export and domestic use within Tasmania. This includes activities associated with derived renewable hydrogen products (such as ‘green ammonia’ and ‘green methanol’) and by-products of renewable hydrogen production (such as oxygen).

Eligible activities are:

- Projects – to support significant capital investment in new renewable hydrogen related projects. This may include a research and development component.
- Feasibility studies – to support investment decisions for large-scale projects (that are either directly associated with hydrogen production of at least 5-10 MW, or would use an equivalent level of output).

Favourable consideration will be given to eligible activities that:

- Assist with achieving the “By 2022 to 2024” and “By 2025 to 2027” action plan goals, with the prospects for scaling up to achieve the “From 2030” action plan goal also a consideration.
- Maximise the value of Tasmania’s support measures through the highest leveraging of other forms of investment, particularly private investment.
- Help ensure an efficient, integrated and coordinated approach to developing a Tasmanian renewable hydrogen industry, and support the establishment of hydrogen hubs. This could include, for example, projects that facilitate (or would facilitate in the future) shared access and aggregated demand, and are located in areas that have access to key resources and most efficiently leverage existing infrastructure.
- Best facilitate economic development in Tasmania, including job creation and skills development. This includes generating activity and/or leveraging value in other industry sectors (such as advanced manufacturing).
- Promote Tasmania’s renewable hydrogen reputation in the global market.

Eligible activities could be located in any region in Tasmania, noting the Tasmanian Government has identified the Bell Bay Advanced Manufacturing Zone and the Burnie industrial precinct as ideal hydrogen hub locations.

Eligible activities that provide a complete supply chain solution are desirable, from renewable hydrogen production through to identified renewable hydrogen end-use. However, parties who are only interested in the offtake (end-use) of renewable hydrogen are encouraged to apply, although preferably as part of a consortium.

Applicants are encouraged to pursue other forms of funding in addition to seeking financial support through Tasmania’s funding program. Hydrogen is identified as one of the Australian Renewable Energy Agency’s key investment priorities, with funding for renewable hydrogen related activities available through its \$70 million Renewable Hydrogen Deployment Funding Round and its Advancing Renewables Program. \$300 million in concessional finance is also available through the Clean Energy Finance Corporation’s Advancing Hydrogen Fund. The applicant is responsible for management of the integration of investment and funding support from other parties.

## 3.3 Tasmanian renewable hydrogen financial support measures

These funding program guidelines outline a competitive process for applicants seeking access to the Tasmanian renewable hydrogen financial support measures.

A total of \$50 million in financial support measures are available over a period of up to 10 years and include:

- A \$20 million Tasmanian Renewable Hydrogen Fund
- \$10 million in support services including financial assistance for renewable electricity supply (and payroll tax relief)<sup>2</sup>, and
- \$20 million in concessional loans.

Each of these measures is outlined below. The onus is placed on the applicant to specify and justify which support measure or measures it is seeking access to through the application process.

The timing of the allocation of the available support measures under the funding program will be dependent on the agreed requirements of successful projects and feasibility studies. The available funding may be fully committed and utilised well within 10 years. None, some or all of the available funding may be fully allocated through this competitive funding round. Some funding may be retained for future allocation in subsequent years.

### 3.3.1 Tasmanian Renewable Hydrogen Fund

The Tasmanian Government has allocated \$20 million in funding through the Tasmanian Renewable Hydrogen Fund to support the development of renewable hydrogen projects in Tasmania.<sup>3</sup> The fund is available on a co-contribution basis for eligible activities.

Applicants should specify whether the project requires funding accessed under the fund. Applicants are encouraged to also seek financial support from other sources, including the Australian Renewable Energy Agency, noting the extent to which applications leverage other sources of financial support (including private funding) will be taken into account in assessing applications.

### 3.3.2 Financial assistance for renewable electricity supply

The Tasmanian Government is offering financial assistance toward renewable electricity supply that supports renewable hydrogen production projects. Tasmania is ideally placed from both a domestic and international perspective through possessing a highly price-competitive and reliable power system, with a very high renewable energy contribution of over 95 per cent (from wind power and capacity support from hydro power). Tasmania is on track to be self-sufficient in renewable electricity production by 2022 and has a target to double its renewable generation by 2040. This provides the opportunity for supply from the Tasmanian electricity grid for firm renewable energy for renewable hydrogen production.

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<sup>2</sup> Note that payroll tax relief may be available as a rebate for eligible businesses and is not directly available through this funding program round.

<sup>3</sup> Projects valued at more than \$5 million that receive grant funding and/or in-kind support from the Tasmanian Government, valued at or more than \$500 000, will require the applicant to prepare a Tasmanian Industry Participation Plan (TIPP).

As part of the project EOI proposal stage, applicants should specify if they are seeking access to financial assistance from the Tasmanian Government for renewable electricity supply. This should include specification on the delivered electricity price (or price range), volume and tenure the applicant considers is required to make the proposed project viable, taking into account factors such as level of capital funding support and the intended hydrogen end-use activity.

This should also include specification of the nature of the electricity load associated with renewable hydrogen production under the proposed project. For example, this may relate to the flexibility of operation of the hydrogen production load, and the benefits this could provide for operation of the electricity supply system and the services that could be provided (such as demand response, frequency control ancillary services or participation in special protection schemes).

The Tasmanian Government will release further details on the mechanism for delivery of the financial assistance for renewable electricity supply support measure prior to commencement of the project full application stage. Note it is expected that applicants will seek commercial market arrangements for electricity supply, with any financial assistance provided in accordance with the delivery mechanism.

Applicants should note that locating renewable hydrogen production facilities in areas of the network with spare capacity can improve project financial viability through minimising any requirements to fund additional network capacity, and can provide broader community benefits through greater cost sharing of existing network costs. Proximity to generation can also influence network costs. TasNetworks will work with applicants to identify network connection locations that minimise network costs.

### 3.3.3 Concessional loans

Twenty million dollars of concessional loan funding will be made available to support the establishment of commercial scale renewable hydrogen projects in Tasmania, subject to business case assessments, appropriate security and terms, through the Tasmania Development and Resources Board. Note that concessional loans will not be available for feasibility studies.

Applicants should specify as part of their project EOI proposal whether the proposed project seeks concessional loan support from the Tasmanian Government. Applications should include an indication of requested loan amount, loan tenure, repayment provisions and offered security.

The terms and conditions of concessional loans will be negotiated with those applicants who are invited to submit a project full application (and where access to concessional loans is requested as part of the application).

Applicants are encouraged to also seek financial support from other sources, including the Clean Energy Finance Corporation, noting the extent to which applications leverage other sources of financial support (including private funding) will be taken into account in assessing applications.

## 3.4 Assistance through the Office of the Coordinator-General

The Office of the Coordinator-General is available to provide tailored, confidential assistance to organisations, including applicants to the Tasmanian Renewable Hydrogen Industry Development Funding Program, looking to invest and establish renewable hydrogen developments in Tasmania.



This includes providing assistance in navigating state regulatory and planning approval processes and facilitating engagement with key government and industry contacts. The Office can also assist in site selection including facilitating access to land and infrastructure required to support Tasmanian renewable hydrogen projects (such as water supply, electricity supply and ports) as well as provide assistance in accessing export markets.

The Office of the Coordinator-General can be contacted by email [cg@cg.tas.gov.au](mailto:cg@cg.tas.gov.au) or by phone +61 3 6777 2786.

### 3.5 Facilitating Tasmanian renewable hydrogen end-use offtakes

It is recognised that the development of a domestic market for the use of locally produced renewable hydrogen will play an important role in establishing a viable renewable hydrogen industry in Tasmania.

Where possible and appropriate, the Tasmanian Government will work with successful projects under this funding program to assist in securing hydrogen offtakes. This could include the incorporation of hydrogen fuel-cell buses within the fleet of Tasmania's state-owned metropolitan public bus transport provider, Metro Tasmania. The Tasmanian Government considers this could represent a key opportunity to assist in 'kick-starting' a Tasmanian renewable hydrogen industry.

The Tasmanian Government is particularly interested in receiving proposals from any Tasmanian businesses, or businesses looking to establish in Tasmania that could use renewable hydrogen in their operations. Support to facilitate the use of renewable hydrogen in Tasmanian business operations is available through this funding program.

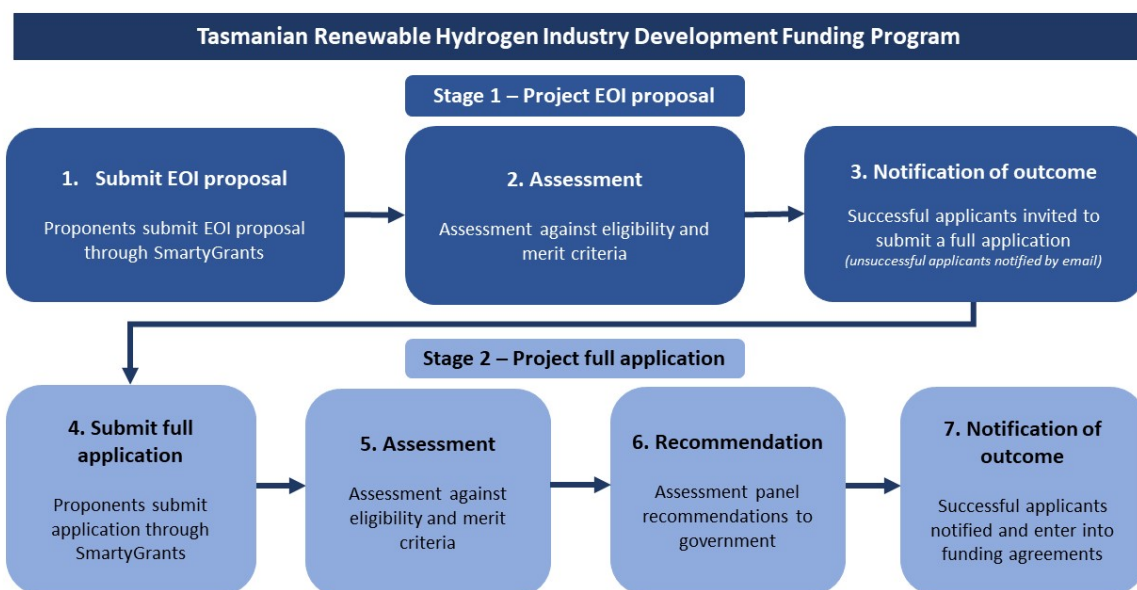
# 4. Application and assessment process

## 4.1 Application process

Access to the Tasmanian renewable hydrogen support measures available under the funding program will be through a competitive application process.

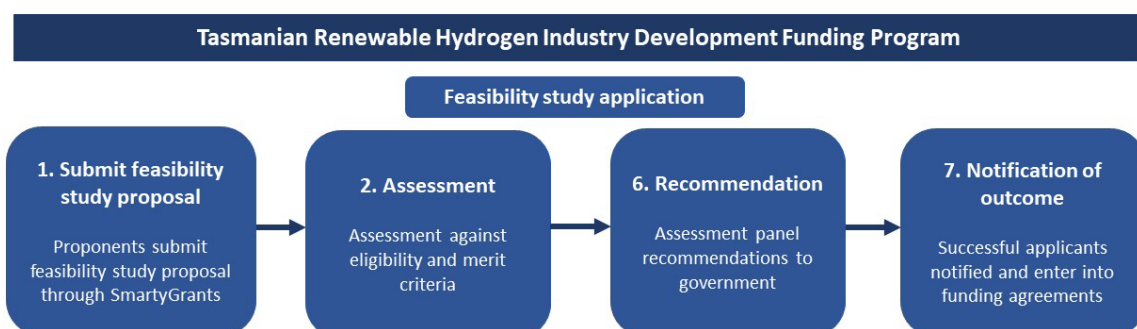
For projects this will involve a two stage process:

- Stage 1 – Project EOI proposal (closing date 18 August 2020)
- Stage 2 (if invited) – Project full application (dates to be determined)



For feasibility studies this will be a one stage process:

- Feasibility study application (closing date 18 August 2020)



Access to the funding program for feasibility studies will be through a competitive one stage application process, aligned with the project EOI proposal stage for projects.

Applications will need to meet the eligibility criteria. Eligible applications will be assessed by the assessment panel in accordance with the merit criteria.

Information that is required to be submitted as part of a project EOI proposal application or a feasibility study application is outlined in **Appendix I – Information requirements**. Information requirements for a project full application will be provided prior to the commencement of stage 2, noting that more detailed information is likely to be required than for a project EOI proposal.

Only projects and feasibility studies assessed as being of overall high merit against the merit criteria will be considered for receiving financial support under the funding program.

Feasibility study applications that are assessed as being of highest ranking against the merit criteria will be considered for recommendation for receiving financial support under the funding program.

Project EOI proposals that are assessed as being of highest ranking against the merit criteria will be invited to submit a project full application, noting that not all project EOI proposals assessed as high merit may be invited to submit a project full application.

Project full applications that are assessed as being of highest ranking against the merit criteria will be considered for recommendation for receiving financial support under the funding program. The highest ranked projects and/or feasibility studies will be recommended for receiving financial support, subject to the levels of financial support available under the funding program.

Recommendations may also be influenced by the objective to facilitate the development of a renewable hydrogen industry in Tasmania that aligns with an efficient, integrated and coordinated industry development approach. This may result in the recommendation of a mix of projects and feasibility studies that, in the opinion of the assessment panel and government, best meet this objective.

It is important to note that successful applications may not necessarily be successful in acquiring all of the financial support requested under the funding program. A successful application therefore, may only be successful insofar as the financial support the assessment panel deems appropriate.

Successful applicants will be required to enter into funding agreement/s (depending on the support measure provided) which will include negotiated milestone and payment schedules (where relevant).

The Office of the Coordinator-General will oversee the support packages, in accordance with the funding agreement/s, for successful projects and feasibility studies.

## 4.2 Assessment panel

The assessment panel will be responsible for assessing all applications for Tasmanian renewable hydrogen financial support measures available under the funding program and making recommendations to government.

The assessment panel will also be supported by advisors, to provide technical, regulatory, economic, financial and probity advice, analysis and comment on applications. By submitting an application, applicants consent to the distribution of their application to the advisors for analysis and comment.

Probity advisor	Harvey Gibson WLF Accounting & Advisory
Email	<a href="mailto:Harvey.Gibson@wlf.com.au">Harvey.Gibson@wlf.com.au</a>
Phone	03 6223 6155

If applicants have any concerns with the funding program process they should contact the probity advisor directly.

## 4.3 Question and answer (Q&A) process

A Q&A process will be administered throughout the period the funding program is open. The Q&A process will be available to prospective applicants who have provided an executed process deed (refer Section 8.3). Responses to questions raised by applicants will be made available to all applicants who have provided an executed process deed.

## 5. Eligibility criteria

To be a successful applicant, and receive a funding offer, you must be an Australian registered business and have an Australian Business Number (ABN)<sup>4</sup>.

Separate eligibility criteria apply for project applications and for feasibility study applications. Applicants must provide supporting evidence, including from third parties where relevant, in order to allow assessment against the eligibility criteria. Note that information requirements are outlined in Appendix I.

### 5.1 Eligibility criteria – projects

Criteria	Requirements
Alignment with the objectives of the Tasmanian Renewable Hydrogen Industry Development Funding Program	<p>The applicant must demonstrate how the proposed project contributes toward meeting the objectives of the funding program.</p> <p>In particular, the applicant must demonstrate that the project proposal will meet one or more of the goals and contribute toward the vision set out in the action plan. Particular emphasis will be placed on achieving the “By 2022 to 2024” and “By 2025 to 2027” goals set out in the action plan, with the prospects for scaling up to achieve the “From 2030” goal also a consideration.</p> <p>The applicant must indicate which action plan goal (or goals) the proposed project aligns with.</p>
Project feasibility	<p>The applicant must demonstrate that:</p> <ul style="list-style-type: none"> <li>• The project is technically feasible and will utilise renewable hydrogen technology with a reasonable prospect of commercial application.</li> <li>• The project has a high likelihood of successfully obtaining all necessary regulatory approvals and licences.</li> <li>• An ‘adequate connection enquiry’ to TasNetworks has commenced, for projects that require connection to TasNetworks electricity distribution or transmission network.</li> </ul>
Project delivery	The applicant must demonstrate that it:

<sup>4</sup> While it is a requirement for any successful applicant to be an Australian registered business with an ABN in order to receive a funding offer under the funding program, Australian registered businesses that are in the process of obtaining an ABN, or who agree to obtain an ABN if successful in their application, can still *apply* to the funding program.

Companies that are not incorporated in Australia may also *apply* to the funding program. However, prior to executing the Process Deed governing the funding program they must provide certain legal advice. More information is available from the contact officer.

	<ul style="list-style-type: none"> <li>• Can complete the project in time to meet the action plan goal/s the proposed project aligns with.</li> <li>• Has sufficient experience and capability in delivering projects of similar scale and complexity.</li> <li>• Has appropriate resources, including financial resources, to successfully administer and deliver the project.</li> <li>• Can safely deliver and operate the project.</li> <li>• Can provide a substantial co-funding commitment. While not an absolute requirement, applicant investment is expected to be equal to or greater than the value of the support provided through the funding program.<sup>5</sup></li> </ul> <p>Note it is expected projects will be capable of commencing within 6 months of funding agreements being signed.<sup>6</sup></p>
Project location	The proposed project is to be located in the State of Tasmania. No more than 10 per cent of Tasmanian renewable hydrogen financial support measures shall be used for expenditure outside of Tasmania (other than for the purchase of equipment and materials).

## 5.2 Eligibility criteria – feasibility studies

Criteria	Requirements
Project size	The proposed large-scale project that the feasibility study is investigating will be associated with a minimum renewable hydrogen production capability of 5-10 MW (or the equivalent level of output for feasibility studies investigating large-scale end-use projects). <sup>7</sup> However feasibility studies that are associated with renewable hydrogen production capabilities in the order of 100 MW (or the equivalent level of output for feasibility studies investigating large-scale end-use projects) will be considered more favourably.
Alignment with the objectives of the Tasmanian Renewable Hydrogen Industry Development Funding Program	<p>The applicant must demonstrate how the proposed feasibility study contributes toward meeting the objectives of the funding program.</p> <p>In particular, the applicant must demonstrate that the feasibility study will support investment decisions for a proposed large-scale project that contributes toward the vision set out in the action plan and will contribute to achieving the action plan goals (the applicant must specify which action plan goal/s are applicable).</p>
Feasibility study design	The applicant must demonstrate that the feasibility study design will:

<sup>5</sup> Applicants are encouraged to also seek funding from other sources, such as from the Australian Renewable Energy Agency and the Clean Energy Finance Corporation.

<sup>6</sup> A project is taken to have commenced once project design work has started.

<sup>7</sup> This could be distributed across multiple locations.

	<ul style="list-style-type: none"> <li>• Lead to an investment decision for the proposed large-scale project.</li> <li>• Provide a pathway to deliver a large-scale project that will proceed in sufficient time to meet the targeted action plan goal/s. This includes the applicant demonstrating how the large-scale project will be financed and delivered, if the feasibility study supports a positive investment decision.</li> </ul>
Feasibility study delivery	<p>The applicant must demonstrate:</p> <ul style="list-style-type: none"> <li>• That the feasibility study can commence within two months of funding agreements being signed, and be completed within a timeframe commensurate with the size of the project being investigated, up to a maximum of 24 months.</li> <li>• Sufficient experience and capability in delivering similar feasibility studies.</li> <li>• Appropriate resources, including financial resources, to successfully administer and deliver the feasibility study.</li> <li>• Can provide a substantial co-funding commitment. While not an absolute requirement, applicant investment is expected to be equal to or greater than the value of the support provided through the funding program.<sup>8</sup></li> </ul>
Project location	The proposed large-scale project the feasibility study is investigating must be located in the State of Tasmania.

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<sup>8</sup> Applicants are encouraged to also seek funding from other sources, such as from the Australian Renewable Energy Agency and the Clean Energy Finance Corporation.

## 6. Merit criteria

Once the assessment panel are satisfied that the eligibility criteria of a project or feasibility study has been satisfied, projects will be assessed against the following merit criteria. Note the merit criteria weightings are not necessarily equal and the assessment panel reserves the right to set merit criteria weightings. Applicants must provide supporting evidence, including from third parties where relevant, in order to allow assessment against the merit criteria. Note that information requirements are outlined in Appendix I.

### 6.1 Merit criteria – projects

Criteria	Parameters
Alignment with the objectives of the Tasmanian Renewable Hydrogen Industry Development Funding Program	<p>The extent to which the proposed project contributes toward meeting the objectives of the funding program. That is, to facilitate the development of a renewable hydrogen industry in Tasmania:</p> <ul style="list-style-type: none"> <li>• In accordance with the action plan vision and goals.</li> <li>• That is aligned with an efficient, integrated and coordinated industry development approach.</li> <li>• That will ultimately provide economic, environmental and social benefits for Tasmania.</li> </ul>
Project design and implementation methodology	<p>Quality of the project design and implementation methodology, including demonstration of:</p> <ul style="list-style-type: none"> <li>• The technical feasibility of the project.</li> <li>• How the project will meet regulatory compliance requirements.</li> <li>• How safety will be proactively managed during project implementation and operation.</li> <li>• How the project will be delivered.</li> </ul>
Applicant capability and capacity	<p>Assessment of the capabilities and experience of the applicant (and any applicant partners).</p> <p>Assessment of the capacity for the applicant (and any applicant partners) to deliver the project within the project timeline and budget.</p>
Financial viability	<p>Quality of the project budget and financing plan, including an assessment of the financial capacity of the applicant (and any applicant partners) – including the capacity to manage cost overruns, meet ongoing operating and maintenance costs, and any future financing costs.</p>



Project value	<p>The extent to which:</p> <ul style="list-style-type: none"> <li>• The proposed project leverages requested Tasmanian Government support through private applicant investment and other sources of funding. That is, the extent to which the level of co-funding is maximised.</li> <li>• The applicant demonstrates the proposed project will provide economic, environmental and social benefits for Tasmania. This includes the extent to which: Tasmanian businesses and organisations are utilised (including advanced manufacturers and professional consultancies); skilled Tasmanian labour is sourced; and Tasmanian skills and capabilities are developed.</li> <li>• The applicant demonstrates the proposed project will promote Tasmania’s renewable hydrogen reputation in the global market.</li> <li>• The proposed project maximises the utilisation of existing infrastructure, including electricity network infrastructure.<sup>9</sup></li> </ul>
Risk assessment	The quality of project and financial risk assessment and mitigation strategies.
Community engagement	The quality and extent of the community engagement strategy.
Knowledge sharing	The quality and extent of knowledge-sharing information proposed to be made public and the extent to which this would contribute to renewable hydrogen industry development in Tasmania.

## 6.2 Merit criteria – feasibility studies

Criteria	Parameters
Alignment with the objectives of the Tasmanian Renewable Hydrogen Industry Development Funding Program	<p>The extent to which the proposed feasibility study contributes toward meeting the objectives of the funding program. That is, to facilitate the development of a renewable hydrogen industry in Tasmania:</p> <ul style="list-style-type: none"> <li>• In accordance with the action plan vision and goals.</li> <li>• That aligns with an efficient, integrated and coordinated industry development approach.</li> <li>• That will ultimately provide economic, environmental and social benefits for Tasmania.</li> </ul>

<sup>9</sup> Relevant where existing infrastructure is available.

Project size	The size of the large-scale project the feasibility study is investigating, noting feasibility studies that are associated with renewable hydrogen production capabilities in the order of 100 MW (or the equivalent level of output for feasibility studies investigating large-scale end-use projects) will be considered more favourably (relative to feasibility studies investigating projects that meet the minimum size requirements).
Investment pathway	<p>Quality of the information provided which demonstrates that the feasibility study:</p> <ul style="list-style-type: none"> <li>• Is required for an investment decision to be made for the proposed large-scale project.</li> <li>• Will provide a pathway to deliver a large-scale project that is likely to proceed in sufficient time to meet the action plan goal/s the proposed project is aligned with.</li> </ul>
Feasibility study design and implementation methodology	<p>Quality of the feasibility study design and implementation methodology.</p> <p>Timeliness of expected completion of the feasibility study, commensurate with the size of the project being investigated.</p>
Applicant capability and capacity	<p>Assessment of the capabilities and experience of the applicant (and any applicant partners).</p> <p>Assessment of the capacity for the applicant (and any applicant partners) to deliver the feasibility study within the proposed timeline.</p>
Financial viability	Quality of the feasibility study budget and financing plan, including an assessment of the financial capacity of the applicant (and any applicant partners).
Feasibility study value	<p>The extent to which:</p> <ul style="list-style-type: none"> <li>• The proposed feasibility study leverages requested Tasmanian Government support through private applicant investment and other sources of funding. That is, the extent to which the level of co-funding is maximised.</li> <li>• The proposed feasibility study utilises Tasmanian businesses and organisations, including professional consultancies.</li> <li>• The applicant demonstrates the potential large-scale project resulting from the feasibility study will provide economic, environmental and social benefits for Tasmania. This includes the extent to which: Tasmanian businesses and organisations would be utilised (including advanced manufacturers); skilled Tasmanian labour would be sourced; and Tasmanian skills and capabilities would be developed.</li> </ul>

	<ul style="list-style-type: none"> <li>The applicant demonstrates the potential large-scale project resulting from the feasibility study will promote Tasmania’s renewable hydrogen reputation in the global market.</li> </ul>
Risk assessment	The quality of feasibility study risk assessment and mitigation strategies.
Community engagement	The quality and extent of the community engagement strategy.
Knowledge sharing	The quality and extent of knowledge-sharing information proposed to be made public, and the extent to which this would contribute to renewable hydrogen industry development in Tasmania. This includes through the provision of a non-confidential public feasibility study report. <sup>10</sup>

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<sup>10</sup> The intent of a non-confidential public feasibility study report is to provide comprehensive information that would be of value for any future implementation of the proposed large-scale project

# 7. Applicant funding contribution requirements

Applicants should provide a substantial co-funding contribution. While not an absolute requirement, applicant investment is expected to be equal to or greater than the value of the support provided through the funding program.

Applicants are encouraged to also seek funding from other sources, such as the Australian Renewable Energy Agency or the Clean Energy Finance Corporation.

A significant applicant co-funding contribution is required to ensure there is adequate applicant investment in the success of the project or feasibility study.

Applicants must submit a budget and financial model for the project or feasibility study, which includes a breakdown of all funding sources.

## 7.1 Eligible funding costs

### 7.1.1 Projects

- Expenditure on plant and equipment directly related to the project.
- Labour expenditure directly related to the project.
- Site survey, engineering and civil works costs directly related to the project.
- Administrative expenses (including travel) where this directly relates to the project.
- Expenditure on preparation of contracts and legal, audit and accounting expenditure directly related to the project.
- Expenditure related to obtaining regulatory and planning approvals to undertake the project.
- Expenditure related to community engagement and education regarding the project.
- Expenditure related to renewable electricity supply that supports renewable hydrogen production that is directly related to the project.

### 7.1.2 Feasibility studies

- Professional fees for consultants, financial, economic, planning, technical, engineering and safety assessments as necessary to complete the feasibility study.

## 7.2 Ineligible funding costs

The following costs are classified as ineligible for accessing Tasmanian Renewable Hydrogen Industry Development Funding Support:

- Ongoing costs incurred after the project is completed (e.g. operating and maintenance costs) – excluding any financial assistance for renewable electricity supply.
- Retrospective payments or expenditure incurred prior to signing of Tasmanian funding agreement/s.
- GST payments.

- Plant and equipment not directly related to the project, including renewable generation infrastructure.
- Site acquisition and site rehabilitation.
- Contingency allowances.
- Any costs incurred through non-compliance with legislation.

## 8. Application conditions

### 8.1 Contact officer

All enquiries about the funding program and these guidelines, and requests for clarification or additional information, must be directed to the contact officer.

### 8.2 Administration of process

The Tasmanian Government reserves the right to administer the funding program in a manner as it sees fit.

The State may modify, vary or amend these guidelines consistent with its rights under clause [3] of the process deed.

### 8.3 Process deed

All prospective applicants are required to execute the Process deed in the form set out in the Tasmanian Renewable Hydrogen Development Funding Program process deed document available with these guidelines, and return a copy to the contact officer. Additional information concerning the funding program contemplated in these guidelines, including the Q&A process will only be available to prospective applicants who have provided an executed Process deed.

### 8.4 Method of submission

Applications for all stages must be submitted online through SmartyGrants ([stategrowth.smartygrants.com.au/h2funding](http://stategrowth.smartygrants.com.au/h2funding)).

If an application is inadequate, incomplete or unable to be read (including as a result of corruption of or damage to electronic files), the assessment panel may exclude the application from consideration.

### 8.5 Eligibility

Applications must meet the eligibility criteria. Applications that do not meet the eligibility criteria may be excluded from consideration by the assessment panel.

The assessment panel may, in its absolute discretion, exclude from consideration any application from an applicant that has failed to comply with the requirements of these guidelines or the project deed.

The State reserves the right not to consider an application if it is not satisfied that adequate arrangements are in place to appropriately address and manage a perceived or actual conflict of interest that may arise from, or be associated with the application.

## 8.6 Assessment of applications

Eligible applications will be assessed by the assessment panel in accordance with the merit criteria.

The State is not obliged to accept any application. In its discretion, the State may:

- undertake its own due diligence activities into any application;
- take into account any information from its own and other sources (including government agencies or advisors)
- seek supplementary information, analysis or clarification on applications from any party considered relevant by the assessment panel;
- accept or reject any application, having regard to the guidelines or any other matter or thing which the State considers relevant, including limitations on the funds available to the funding program;
- allocate all, some or none of the available funding to applicants under these guidelines; and
- accept any application in whole or only in part.

## 8.7 Negotiation

During the evaluation process, the department may:

- negotiate with any applicant to vary its application;
- work with applicants to facilitate collaboration where doing so may assist in achieving the objectives of the funding program;
- negotiate with one or more applicants to enter into financial support arrangements, including the terms of those arrangements.

## 8.8 Formation of contract(s)

No contractual or other legal relations shall exist between any applicant for funding on the one hand and the State of Tasmania (including any agent, agency, instrumentality or emanation of that State) on the other hand unless and until a formal legally binding agreement is entered into between them. Neither this document nor anything else shall create or give rise to legal or equitable rights or obligations in respect of financial support; such rights or obligations shall only come into being if and when a formal legally binding agreement comes into existence.

## 8.9 Intellectual Property

Any intellectual property rights that may exist in an application will remain the property of the applicant or the rightful owner of those intellectual property rights. Any part of an application considered to contain any intellectual property rights should be clearly identified by the applicant.

The applicant grants to the State (and will ensure that relevant third parties grant) a non-exclusive, irrevocable licence to use and reproduce the intellectual property for the purpose of administering the Tasmanian renewable hydrogen support measures, including the evaluation of any application.

## 8.10 Personal information and disclosure of information in application

All Tasmanian Government agencies are subject to the *Right to Information Act 2009* (TAS), which provides members of the public the right to obtain information contained in the records of the government and public authorities.

Applicants are advised that information pertaining to the receipt of Tasmanian Government financial assistance will be tabled in the Tasmanian Parliament. This information could include the name of the successful applicant, the amount of the assistance, the name of the project and a brief description thereof. This could result in requests for more details to be released publicly. Applicants should clearly identify all commercial-in-confidence material, noting that project name, primary applicant's name, assistance provided through the funding program, total project cost and brief project description will be published for all successful proposals.

Successful applicants should be aware that their organisation's name, project name and assistance provided through the funding program will appear on the Department of State Growth and/or Office of the Coordinator-General's websites.

The assessment panel reserves the right to discuss an application with a third party if it is judged necessary to assist in assessing the application.

Tasmanian Government agencies are subject to legislative and administrative accountability and transparency requirements of the Tasmanian State Government including disclosures to the Parliament and its Committees. As such, applicants should be aware that disclosure of some information outside of government agencies may occur if the release of the information is required by law.

## 8.11 Conditions and obligations for successful applicants

### 8.11.1 Tasmanian Renewable Hydrogen Fund

The terms and conditions of funding, including milestone and payment schedules, will be negotiated with successful applicants (where access to the Tasmanian Renewable Hydrogen Fund is part of the application).

Successful applicants will be required to enter into a funding Agreement with the Tasmanian Government, prior to commencing the project or feasibility study and receiving funds.

### 8.11.2 Financial assistance of renewable electricity supply

Further details on the mechanism for delivery of the financial assistance for renewable electricity supply support measure will be released prior to commencement of the project full application stage.

### 8.11.3 Concessional Loans

The terms and conditions of concessional loans will be negotiated with applicants invited to submit a project full application (where access to concessional loans is part of the application).

Successful applicants will be required to enter into a funding (loan) agreement with the Tasmanian Government, prior to commencing the project and receiving the loan.



## 9. Glossary

**Action plan** – The Tasmanian Renewable Hydrogen Action Plan.

**Applicant** – an eligible entity that has submitted a proposal for funding under the funding program.

**Applicant investment** – means a cash contribution from the applicant (or applicant partners), a substantial proportion of which is an equity contribution.

**Applicant partner** – an entity that the applicant has engaged, as part of its proposal, to assist deliver the eligible activity.

**Competitive funding round** – the competitive process for applicants to access funding within the key dates referred to in these guidelines.

**Eligible activity** – includes:

- **Projects** – refers to significant capital investment in new renewable hydrogen related projects. This may include a research and development component.
- **Feasibility studies** – refers to feasibility studies to support investment decisions for large-scale projects (that are either directly associated with hydrogen production of at least 5-10 MW, or would use an equivalent level of output).

**Funding agreement** – the agreement/s to be entered into by an applicant with the State of Tasmania for funding of an eligible activity and which specifies the terms and obligations of the parties.

**Tasmanian Renewable Hydrogen Industry Development Funding Program (the funding program)** – refers to the Tasmanian Government's \$50 million package of funding support measures to assist facilitate the development of a renewable hydrogen industry in Tasmania. These funding support measures include:

- The \$20 million Tasmanian Renewable Hydrogen Fund
- \$10 million in support services including financial assistance for renewable electricity supply (and payroll tax relief, noting this measure is not directly available through the Competitive Round that relates to these guidelines)
- The \$20 million Tasmanian Renewable Hydrogen Concessional Loans Scheme

**Guidelines** – the Tasmanian Renewable Hydrogen Development Funding Program guidelines.

**Proposal** – a submission for an eligible activity made by an applicant to the project EOI proposal, feasibility study proposal or project full application stages of the funding program competitive round.

**Renewable hydrogen** – relates to hydrogen produced solely through the use of renewable energy sources including (but not limited to) hydro, wind, solar and biomass. It does not include hydrogen derived from or produced through the use of fossil fuels.

# Appendix – Information requirements

Information that is required to be submitted as part of a project EOI proposal application or a feasibility study application is outlined below. Information requirements for a project full application will be provided prior to the commencement of stage 2, noting that more detailed information is likely to be required than for a project EOI proposal.

## Project EOI proposal (stage 1)

The applicant must provide:

- A project plan that includes (but is not necessarily limited to):
  - a summary of the project (including scope, size, proposed location and key applicant/project partners)
  - an indication of how each of the eligibility criteria will be met
  - how the project will be delivered, up to and including the completion of successful commissioning and handover to operations (including the expected timing of all key technical, commercial/financial and regulatory milestones)
  - an indication of the experience, capability and capacity of project personnel (including applicant/project partners)
  - the nature and status of any agreements between applicant/project partners (where relevant)
  - an indication of any third party contractors and likely method of engagement
  - descriptions of similar projects carried out by project personnel, applicant/project partners and any third parties, including whether completed on time and on budget
  - requirements for, and indicative arrangements to secure access to, land, water, renewable electricity supply and supporting infrastructure
  - the current status of the project (across all aspects, including technical, financial, regulatory and planning, community engagement)
  - the proposed operation and maintenance regime, including equipment replacements, over the lifetime of the project
  - an indication of how the project will contribute to economic development in Tasmania, including how Tasmanian businesses and organisations will be utilised (including advanced manufacturers and professional consultancies), how skilled Tasmanian labour will be sourced; and how Tasmanian skills and capabilities will be developed<sup>11</sup>
  - an indication of how the project, and any long-term investment strategy the applicant may have, will contribute to future renewable hydrogen industry development in Tasmania
  - an indication of the knowledge-sharing information proposed to be made public.
- An indicative project budget (with total project cost estimates to a confidence level of at least +/- 30 per cent) that includes a breakdown of different functional components of the project and other cost categories (including an operational phase budget and any developmental costs already expended). An indication of when project costs are expected to become more definitive (at least +/- 10 per cent) should be included.
- An indicative financing plan that includes:<sup>12</sup>

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<sup>11</sup> Note a Tasmanian Industry Participation Plan (TIPP) is required for projects valued at more than \$5 million that receive grant funding and/or in-kind support from the Tasmanian Government, valued at or more than \$500 000.

<sup>12</sup> There should be a clear indication of the tax treatment of provided financial support.

- MOUs for private financing where relevant
- Requested Tasmanian Government financial support, including the proposed payment schedule/s
- An indication of all other forms of required financial support
- An indication of any contingent or interdependent funding
- How contingency costs and any cost overruns will be managed and funded.
- An indicative financial model that should include all assumptions, cost categories, project rate of return over the life of the project (with and without external funding) and key project metrics.<sup>13</sup>
- Evidence of proposed key hydrogen infrastructure component pricing and life expectancy, and an indication of equipment suppliers.
- MOUs indicating arrangements for other components of the supply chain where the project does not provide a complete supply chain solution.
- An indicative technical feasibility analysis (indicative technical requirements outlined below) including an indication of which standards (national and international) will be applied.
- An indicative regulatory licencing and development, planning and environmental approvals analysis.
- An indicative community engagement strategy.
- An indicative risk management plan (addressing technical, personnel, delivery, financial, regulatory, and safety risks).
- An indicative safety management plan including workplace health and safety.
- A statement disclosing any conflicts of interest of any personnel involved in delivering the project.
- Two years of company financial statements.
- An indication of any potential COVID-19 related impacts on delivery of the project.

For projects seeking access to financial support for electricity supply, the applicant must provide an indication of the:

- delivered electricity price (or price range), volume and tenure the applicant considers is required to make the project viable, taking into account factors such as level of capital funding support and the intended hydrogen end-use activity.
- nature of the electricity load associated with renewable hydrogen production under the proposed project. For example, this may relate to the flexibility of operation of the hydrogen production load, and the benefits this could provide for operation of the electricity supply system and the services that could be provided (such as demand response, frequency control ancillary services or participation in special protection schemes).

For projects seeking access to concessional loans, the applicant must provide an indication of the requested loan amount, loan tenure, repayment provisions and offered security.

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<sup>13</sup> For a project involving hydrogen production this could include requested electricity supply cost (\$/MWh), expected hydrogen production cost (\$/kg), utilisation factor (%) and electrolyser system efficiency (kWh/kg)

## Feasibility study proposal

The applicant must provide:

- A feasibility study plan that includes (but is not necessarily limited to) a detailed description of:
  - the feasibility study (including the scope, size, anticipated timing and proposed location of the large-scale project the feasibility study is investigating)
  - how each of the eligibility criteria will be met
  - how the feasibility study will be delivered (including the expected timing of all key milestones)
  - the experience, capability and capacity of feasibility study participants (including any third party consultants), and the extent to which Tasmanian businesses and organisations will be utilised.<sup>14</sup>
  - descriptions of similar feasibility studies carried out by feasibility study participants (including any third party consultants), including whether completed on time and on budget
  - any pre-feasibility analysis that has been carried out
  - the proposed investment decision methodology for the large-scale project the feasibility study is investigating, and how the proposed large-scale project would be financed and delivered
  - how the large-scale project the feasibility study is investigating could contribute to economic development in Tasmania, and
  - knowledge-sharing information proposed to be made public (including through a non-confidential public feasibility study report).
- A detailed feasibility study budget that includes a detailed breakdown of cost categories.
- A detailed financing plan that includes:<sup>15</sup>
  - detailed term sheets for private financing where relevant
  - requested Tasmanian Government financial support, including the proposed payment schedule
  - a firm indication of how all other forms of required financial support will be secured
  - a firm indication of any contingent or interdependent funding, and
  - how contingency costs and any cost overruns will be managed and funded.
- A detailed risk assessment plan and safety management plan.
- A detailed community engagement strategy.
- A statement disclosing any conflicts of interest of any personnel involved in delivering the feasibility study.
- An indication of any potential COVID-19 related impacts on delivery of the feasibility study.

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<sup>14</sup> Note a Tasmanian Industry Participation Plan (TIPP) is required for projects valued at more than \$5 million that receive grant funding and/or in-kind support from the Tasmanian Government, valued at or more than \$500 000.

<sup>15</sup> There should be a clear indication of the tax treatment of provided financial support. There should be a clear indication of any cash vs in-kind contribution made by the applicant.

# Technical feasibility analysis (indicative minimum information requirements)

## Project overview

- Site location(s)
- Conceptual/preliminary site layout(s)
- Preliminary dimensions; footprint and height
- Grid connection requirements (voltage, power)
- Water connection requirements
- Natural gas connection requirement (if applicable)
- Local support; O&M, critical spare parts, etc.

## Hydrogen production

- Description of system; electrolyser type, and details of balance of plant (water treatment, cooling system, gas purification). Include details of any hydrogen compression and storage.
- Nominal power; stack/system (MW/MVA)
- Nominal system efficiency (kWh/kg)
- Nominal hydrogen output (kg/day)
- Gas quality/purity

## Hydrogen distribution (*if production and consumption at different sites*)

- Description of system; filling system (including compression), mobile storage (e.g. tube trailer), and approximate physical dimensions
- Nominal pressure and storage capacity
- Number of mobile storage units
- Description of operation; swap mobile storage units or decant into local storage, likely frequency of delivery, etc.

## Hydrogen consumption / offtake

- Description of system (*application specific*)
  - Transport: vehicle fleet, hydrogen supply (on-site or delivered), and hydrogen refuelling station configuration (compression and storage, dispenser configuration including any pre-cooling requirements, and pressures)
  - Natural gas substitution: blending plant for injecting hydrogen into the natural gas network
- Expected hydrogen consumption, Year 1 (kg/day)
- Forecast annual escalation in hydrogen consumption (if any)
- Offtake profile; e.g. refuelling profile for hydrogen refuelling station, typical daily injection profile for natural gas blending, etc.

## Other

- Level of reliability that can be achieved
- Redundancy; backup hydrogen supply, or N+1 redundancy for electrolysis, compression, etc.



Department of State Growth

GPO Box 536 Hobart  
Tasmania 7001 Australia

Phone: 1800 030 688

Email: [h2funding@stategrowth.tas.gov.au](mailto:h2funding@stategrowth.tas.gov.au)

Web: [www.stategrowth.tas.gov.au](http://www.stategrowth.tas.gov.au)