



# Hydrogen hub initiative

---

Hydrogen hub initiative guidelines

October 2021



Published by NSW Department of Planning, Industry and Environment

[dpie.nsw.gov.au](http://dpie.nsw.gov.au)

Title: Hydrogen hub initiative guidelines

First published: October 2021

Department reference number: EES2021/0247

ISBN 978-1-922558-98-5

---

© State of New South Wales through Department of Planning, Industry and Environment 2021. You may copy, distribute, display, download and otherwise freely deal with this publication for any purpose provided you attribute the Department of Planning, Industry and Environment as the owner. However, you must obtain permission if you wish to charge others for access to the publication (other than at cost); include the publication in advertising or a product for sale; modify the publication; or republish the publication on a website. You may freely link to the publication on a departmental website.

Disclaimer: The information contained in this publication is based on knowledge and understanding at the time of writing (October 2021) and may not be accurate, current or complete. The State of New South Wales (including the NSW Department of Planning, Industry and Environment), the author and the publisher take no responsibility, and will accept no liability, for the accuracy, currency, reliability or correctness of any information included in the document (including material provided by third parties). Readers should make their own inquiries and rely on their own advice when making decisions related to material contained in this publication.

# Contents

<b>Hydrogen hub initiative</b> .....	<b>0</b>
<b>Contents</b> .....	<b>i</b>
<b>1 The hydrogen hub initiative</b> .....	<b>1</b>
1.1 Hydrogen hubs explained .....	2
1.2 The case for hydrogen hubs in NSW .....	2
<b>2 Parameters and objectives</b> .....	<b>3</b>
2.1 Objectives.....	3
2.2 Projects to be supported .....	3
2.3 Project parameters .....	4
<b>3 Eligibility and merit criteria</b> .....	<b>8</b>
3.1 Eligibility criteria .....	8
3.2 Merit criteria.....	9
<b>4 Grant funding support</b> .....	<b>14</b>
4.1 Scope of funding.....	14
4.2 Joint funding opportunities .....	14
<b>5 Application and assessment process</b> .....	<b>16</b>
5.1 Contact and timing.....	16
5.2 Project application process .....	17
5.3 Assessment process.....	18
5.4 Due diligence .....	18
5.5 Final decision.....	19
5.6 Offer to negotiate .....	19
5.7 Front end engineering and design (FEED) cost rebate .....	19
<b>6 Funding arrangements</b> .....	<b>21</b>
6.1 Funding agreement.....	21
6.2 Grant funding uses .....	21
6.3 Department monitoring of projects .....	21
6.4 Sharing knowledge and publishing information .....	21
6.5 Work health and safety .....	22
<b>7 Additional conditions</b> .....	<b>23</b>
7.1 Commencement and authority for the guidelines .....	23
7.2 No material changes.....	23
7.3 Renewable electricity .....	23
7.4 National Land Transport Network.....	24
7.5 Demonstration of capacity to scale for full application stage .....	25
7.6 Limitations .....	25
7.7 Confidentiality and disclosure of information .....	25
7.8 Complaints.....	27

7.9	Conflict of interest and probity.....	27
7.10	Initiative evaluation .....	27
7.11	Communications and announcements .....	27
7.12	Grant acknowledgement .....	28
7.13	The Department’s discretion .....	28
7.14	More information.....	28
<b>8</b>	<b>Appendix .....</b>	<b>29</b>
8.1	Project eligible expenditure .....	29
8.2	Project EOI application information requirements .....	32
8.3	Definitions and acronyms.....	36

# 1 The hydrogen hub initiative

The \$70 million hydrogen hub initiative (the initiative) is supporting the establishment and growth of hydrogen industries in NSW. These hubs will:

- reduce carbon emissions in hard to abate sectors
- improve air quality
- grow and diversify the economy
- create new jobs
- improve energy security
- provide businesses with more choices to increase revenue and reduce emissions.

The NSW Government has set a target of increasing electrolyser capacity to 700 megawatts (MW) by 2030. To achieve this, the initiative is using a competitive process to award grant funding that supports and encourages hydrogen hub developments.

While the initiative is focused on developing hubs in the Illawarra and Hunter regions, it also aims to support hydrogen industries in other strategic locations across NSW. This includes areas such as the NSW Government-announced Special Activation Precincts and Renewable Energy Zones.

Funding is being prioritised for projects that can scale quickly and support increasing hydrogen demand, such as heavy transport deployment, and projects that support the creation of a distributed refuelling network. The initiative will help kick-start new hydrogen markets, grow local supply chains, and develop the skills required to create a thriving hydrogen economy in NSW.

The initiative supports the development of hydrogen hubs through two streams:

1. providing grant funding for commercial scale green hydrogen projects to reduce investment risk
2. identifying hydrogen consumers, potential new sources of demand across NSW, and within hub regions, to drive scale.

The initiative is being delivered by the NSW Department of Planning, Industry and Environment (the Department) and is funded under the NSW Government \$750 million Net Zero Industry and Innovation Program, released in March 2021. Hydrogen projects may also be eligible for funding under the \$175 million new low carbon industry foundations and \$380 million high emitting industries areas of the Net Zero Industry and Innovation Program, subject to eligibility requirements. More information on the Net Zero Industry and Innovation Program can be found here [energysaver.nsw.gov.au/reducing-emissions-nsw/net-zero-industry-and-innovation](https://energysaver.nsw.gov.au/reducing-emissions-nsw/net-zero-industry-and-innovation).

The initiative is also a key action under the recently released [NSW Hydrogen Strategy](#). The NSW Hydrogen Strategy brings together NSW Government action underway and new policy measures into a framework to support the development of a strong hydrogen industry in NSW. The Strategy aims to help private industry transform NSW into Australia's largest consumer of green hydrogen, setting out clear industry targets, sector priorities and actions to develop the entire hydrogen value chain, and attracting over \$80 billion of investment in NSW by 2050.

We estimate the policies set out in the Strategy will support industry to reduce the cost of hydrogen by up to \$5.80 per kg and provide a total of up to \$3 billion of incentives to deliver our 2030 stretch targets of 110,000 tonnes annual production, 700 MW electrolyser capacity and hydrogen cost below \$2.80/kg.

More information on the NSW Hydrogen Strategy can be found here [energy.nsw.gov.au/renewables/renewable-generation/hydrogen](https://energy.nsw.gov.au/renewables/renewable-generation/hydrogen).

## 1.1 Hydrogen hubs explained

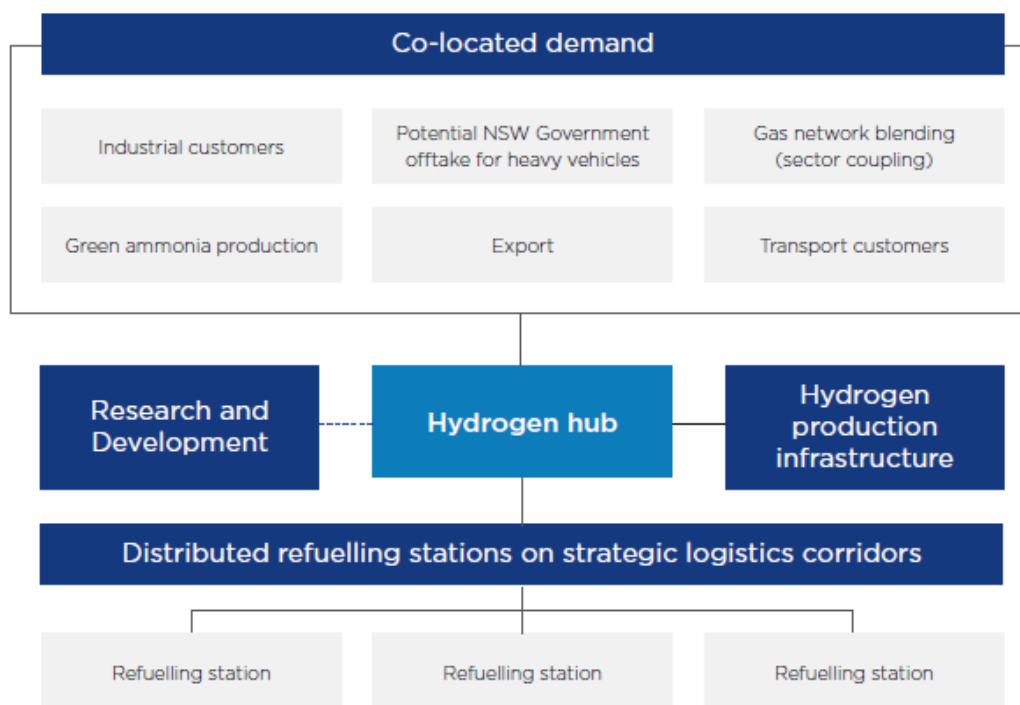
Hydrogen hubs will be regions where various users of hydrogen across industrial, transport and energy markets are co-located.

Hubs will help to minimise the cost of infrastructure, and they will support economies of scale in producing and delivering hydrogen to customers.

Hubs will also facilitate opportunities for sectors to innovate, collaborate and develop the workforce and skills that are needed to support a hydrogen industry of the future.

Hydrogen hub locations must have particular features to ensure commercial success. The NSW Government has identified potential green hydrogen hub locations for this initiative based on proximity to:

- large and existing potential future hydrogen demand
- domestic logistics corridors and export terminals for international trade
- renewable energy resources and/or electricity transmission network connections
- sustainable water resources
- gas network infrastructure
- skilled workforce and research capabilities.



**Figure 1 Hydrogen hub concept**

## 1.2 The case for hydrogen hubs in NSW

Hydrogen hubs will help NSW transition to a low carbon economy, in line with the Government's Net Zero by 2050 target. Advice from the NSW Chief Scientist & Engineer is clear: a green hydrogen industry is an essential part of our state's future economy.

To ensure this can be achieved, it is essential NSW scales up its emerging green hydrogen industry. The initiative achieves this by working with industry to support technology development and decarbonisation during the critical start-up phase.

Developing hydrogen hubs will benefit NSW industry and households by:

- reducing supply chain costs and making hydrogen more commercially competitive with existing fuels
- unlocking a green hydrogen industry to transition regional economies and prepare NSW for the future, as global markets decarbonise
- creating new jobs, improving energy security and providing businesses with more choices to increase revenue while reducing emissions.

The NSW Hydrogen Strategy sets out the NSW Government's plan to develop a green hydrogen industry. The initiative supports the objectives of the NSW Hydrogen Strategy, in particular *Strategic Pillar 2: lay industry foundations*.

## 2 Parameters and objectives

### 2.1 Objectives

The objectives of the initiative include:

1. establishing hubs that demonstrate 'end to end' green hydrogen supply chains, including production, distribution and use
2. activating new domestic markets, supporting new supply chains and testing commercial models for hydrogen in key sectors such as heavy transport and industrial
3. building foundational knowledge, skills and supply chains that accelerate the development of the hydrogen industry in NSW, enabling the state to achieve its 50% emissions reduction target by 2030 while capturing long term opportunities from the hydrogen export market.

### 2.2 Projects to be supported

#### 2.2.1 Projects

Applications are invited for commercial scale green hydrogen deployment projects in NSW with confirmed offtake agreements with one or multiple end users.

The project should include at least one end user in the hub region, and can also include end users outside the hub regions, including outside NSW and Australia.

The application and assessment processes are competitive. The application process involves two stages:

1. Stage one: Expression of Interest (EOI)
2. Stage two: full application.

It is intended to provide grant funding to at least one project in both the Illawarra Region and Hunter Region.

Subject to funding availability and the quality of applications, the NSW Government is aiming to support projects in other strategic regions in NSW, such as the announced Renewable Energy Zones and Special Activation Precincts. Multiple projects may be supported within each hub region.

Hydrogen consumers can register through our application portal at [netzeronsw.smartygrants.com.au/hydrogenproject](https://netzeronsw.smartygrants.com.au/hydrogenproject).

## 2.2.2 Hydrogen consumer registration

To support the initiative, registrations of interest are being sought from existing or potential hydrogen consumers.

Registration is open to all potential hydrogen consumers. This includes consumers ready to purchase hydrogen from the hubs now, or at some point in the future, for example if enabling technology becomes available and cost effective. Hydrogen consumer registrations will not be assessed in any way by the Department, and all information collected through the registrations will be made publicly available at [energysaver.nsw.gov.au/hydrogen-hubs](https://energysaver.nsw.gov.au/hydrogen-hubs).

Registrations of interest are being sought from hydrogen consumers to:

- identify and encourage existing or potential hydrogen consumers to join projects so they can access supply chains and grant funding
- identify and quantify potential sources of demand that may be supplied by the hubs in future
- assess how scalable hydrogen production infrastructure is within projects.

Hydrogen consumers are invited to register and provide contact information and details of their potential hydrogen demand, including quantity, relevant timeframes and price requirements. They must agree to this information being shared publicly on the initiative website and through the collaboration platform: [nswhydrogen.crowdicity.com.au](https://nswhydrogen.crowdicity.com.au). Hydrogen consumer registrations will be open for the whole application and assessment period of the projects stream.

All project proponents will be able to access the publicly available hydrogen consumer information for consideration if the potential additional offtake may be beneficial for their project. Lead project proponents are responsible for incorporating any hydrogen consumers into their project as confirmed offtakes at their discretion. If a hydrogen consumer joins a project that isn't successful at the full application stage, they may be able to negotiate directly with successful applicants for the supply of hydrogen, subject to any contractual arrangements that are in place.

There is no grant funding available for the hydrogen consumer registrations stream; hydrogen consumers can only access grant funding if they join a project and are part of a full application that is successful.

Hydrogen consumers can register through our registration portal at [netzeronsw.smartygrants.com.au/hydrogenconsumer](https://netzeronsw.smartygrants.com.au/hydrogenconsumer).

## 2.3 Project parameters

The table below provides summary guidance on the key project parameters that applicants must demonstrate for projects.

Hydrogen consumers need to only consider the 'hydrogen end use' parameter when registering interest.

**Table 1: Project parameters**

Parameter	Description
Hydrogen production	<ul style="list-style-type: none"> <li>• Projects must include either a new-build electrolyser or biomethane steam methane reformer to produce green hydrogen from renewable sources in NSW.</li> <li>• Projects may use existing energy generation infrastructure or hydrogen end use infrastructure.</li> </ul>



<p>Production capacity</p>	<ul style="list-style-type: none"> <li>• Projects that can produce at least four tonnes of green hydrogen per day will be prioritised, e.g. electrolyser capacity of at least 10 MW or equivalent biomethane steam methane reformer capacity. Preference is being given to larger capacity, for example 40 MW or more.</li> <li>• A project's production capacity can include the cumulative total of hydrogen production assets installed across multiple sites, for example on site hydrogen production at distributed refuelling stations.</li> <li>• A project's production capacity will be assessed based on the production capacity operational by 30 June 2024. Additional capacity operational beyond this date will contribute to the assessment of the project's scalability under the merit criteria.</li> </ul>
<p>Location<sup>1</sup></p>	<ul style="list-style-type: none"> <li>• Projects can be located anywhere in NSW, however projects in the Hunter region and Illawarra region will be prioritised.</li> <li>• A project's location is defined as the project's primary site of hydrogen production.</li> <li>• As a second priority, projects located in strategic regions across NSW will be considered, including the Special Activation Precincts and Renewable Energy Zones.</li> <li>• Projects can extend in a 'hub and spoke' model, meaning a central point of production supplying to distributed end users. They can also include multiple production and use sites beyond the primary hydrogen production site, such as transport deployment projects, including refuelling networks.</li> <li>• Projects should include at least one hydrogen end user in the hub region, and can also include hydrogen end users across NSW or outside NSW and Australia.</li> </ul>
<p>Scalability</p>	<ul style="list-style-type: none"> <li>• Projects must demonstrate an ability and pathway to scale hydrogen production and consumption beyond June 2024 and/or the term of project set out in the funding agreement.</li> <li>• At the full application stage, this involves demonstrating project capacity to competitively supply hydrogen to other hydrogen consumers that have submitted registrations of interest, including potential fuel for government heavy vehicles in the region.</li> <li>• Applicants must also demonstrate the sustainability of the water source as hydrogen production scales. Projects using, or with plans to access, sustainable water sources, such as treated wastewater, will generally be considered higher merit.</li> </ul>

<sup>1</sup> See section 8.3 for definitions of the Hunter, Illawarra, Special Activation Precincts and Renewable Energy Zones.

Green hydrogen	<ul style="list-style-type: none"> <li>• Hydrogen production from electrolysis must be 100% powered by renewable electricity through any combination of the below: <ul style="list-style-type: none"> <li>- on-site renewable electricity generation</li> <li>- retirement of renewable energy certificates (RECs) through GreenPower.</li> </ul> </li> <li>• Further details and requirements regarding the process for certifying renewable electricity can be found in section 7.3, including requirements for renewable generators not creating RECs and for the use of small-scale technology certificates.</li> <li>• Hydrogen production from steam methane reforming must use 100% responsibly sourced biomethane through any combination of the below: <ul style="list-style-type: none"> <li>- direct supply of biomethane to the production site</li> <li>- retirement of renewable gas certificates, with written confirmation from the Department of the acceptance of the certificates as evidence of biomethane use.</li> </ul> </li> <li>• All feedstocks used to produce biomethane, must be responsibly sourced.</li> <li>• Hydrogen projects <b>will not be</b> eligible for funding if any input (including electricity or feedstock) is derived using biomass from native forests.</li> </ul>
Hydrogen end use	<ul style="list-style-type: none"> <li>• Projects must include the use and consumption of green hydrogen.</li> <li>• Projects and hydrogen consumers that include any hydrogen end use/s will be accepted.</li> <li>• Preference is being given to projects with end use(s) that activate new domestic markets for hydrogen, such as heavy transport and industrial.</li> <li>• This may include large scale industrial or export projects supplying hydrogen for their own fleet and/or for local heavy transport operators.</li> <li>• Preference will also be given to projects that include multiple different end uses.</li> <li>• Examples of hydrogen end uses include, and are not limited to: <ul style="list-style-type: none"> <li>- commercial and government fleet operators, including waste trucks, buses, passenger vehicles, logistics and freight</li> <li>- existing users of hydrogen in the industrial sector, including ammonia production, steel manufacturing, oil refining and food processing</li> <li>- greenfield projects using hydrogen as industrial feedstock, such as green ammonia production, or as a green gas alternative for process heating</li> <li>- export supply chain demonstration or commercialisation projects</li> <li>- remote area power system operators using hydrogen for transport and/or stationary energy applications</li> <li>- gas consumers that want to augment existing supply for process heating with a green gas alternative.</li> </ul> </li> </ul>

<p>Refuelling station operation and location</p>	<ul style="list-style-type: none"> <li>• Preference is being given to projects that support the construction of refuelling stations.</li> <li>• Refuelling stations constructed under the initiative should be, subject to reasonable restrictions, publicly accessible and available to refuel hydrogen vehicles that aren't part of the project.</li> <li>• Preference is being given to projects with refuelling stations that support increasing hydrogen demand, such as stations located along, or within a distance that is reasonably accessible from, the National Land Transport Network as defined in section 7.4.</li> <li>• Where refuelling stations don't meet these parameters, the applicant must demonstrate the strategic value of the transport application, and provide reasons explaining why the parameters can't be met. This may include mining, trucking or bus operations with access restrictions for vehicle depots.</li> </ul>
<p>Timing</p>	<ul style="list-style-type: none"> <li>• Green hydrogen production should commence by no later 30 June 2024.</li> <li>• Projects that can reach financial close and commence green hydrogen production earlier will generally be considered higher merit.</li> </ul>
<p>Funding</p>	<ul style="list-style-type: none"> <li>• The NSW Government has committed at least \$70 million in funding to support the Initiative under the \$175 million New Low Carbon Industry Foundations focus area of our Net Zero Industry and Innovation Program.</li> <li>• Hydrogen projects may also be able to access additional funding from the \$175 million New Low Carbon Industry Foundations area of the Net Zero Industry and Innovation Program, subject to eligibility and other program specific requirements.</li> <li>• Grant funding is intended to be provided to at least one project in both the Hunter and Illawarra regions. It is intended to provide funding for high merit proposals in other strategic regions of NSW, such as the Renewable Energy Zones and the Special Activation Precincts.</li> <li>• The NSW Government will contribute grant funding up to a maximum of 50% of the project's eligible expenditure, which includes both operational expenditure and capital expenditure components.</li> <li>• Proponents can apply grant funding to eligible expenditure across the project supply chain, including funding support for demand side equipment and infrastructure, such as hydrogen vehicles. Details on eligible expenditure are outlined in section 8.1.</li> <li>• Projects with a larger proportion of applicant contributions will be considered as having higher merit.</li> <li>• Applicants can apply to other state or Australian Government agencies and programs for joint funding as defined in section 4.2.</li> <li>• Projects that are fully operational and have used all grant funding received by June 2025 will be prioritised.</li> </ul>

## 3 Eligibility and merit criteria

Eligibility criteria must be met for an application to progress to assessment against the merit criteria. Applications can be made jointly between project members, or by lead proponents on behalf of the project members.

### 3.1 Eligibility criteria

To be eligible for grant funding, an application must meet all eligibility criteria, including:

1. applicant eligibility
2. project eligibility.

#### 3.1.1 Applicant eligibility

The applicant must:

1. hold an Australian Business Number (ABN)
2. be:
  - 2.1. an Australian entity duly incorporated under the Corporations Act, and hold and comply with all necessary authorisations that are material to the conduct of the business of the Applicant, or
  - 2.2. a Commonwealth entity under section 10 of the *Public Governance, Performance and Accountability Act 2013* (Cth), or
  - 2.3. an Australian State or Territory-owned body corporate, or a subsidiary of an Australian State or Territory-owned body corporate, or
  - 2.4. an Australian State or Territory local government or council, or

In some limited circumstances, the Department at its sole discretion may accept a legal entity other than that listed as meeting the applicant eligibility criteria. Any other entity wanting to apply to the initiative should contact the Department
3. 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
4. be the legal and beneficial owner of, or have all necessary rights to use, any Intellectual Property necessary to carry out the project
5. agree to enter into an agreement with the Department to publicly share knowledge and information about, and resulting from, the project described in the application
6. agree to share data about the project with the Department to help evaluate the initiative and improve the design of future programs
7. disclose any legal proceedings or investigation, including litigation, arbitration, mediation or conciliation that is taking place, pending or (to the best of the applicant's knowledge, after having made proper enquiry) threatened against you or a related body corporate (as defined in the *Corporations Act*)
8. comply with:
  - 8.1. all obligations under employment contracts, industrial agreements and awards
  - 8.2. all codes of conduct and practice relevant to conditions of service and to the relations between the applicant and the employees employed by the applicant
  - 8.3. all applicable Workplace Health and Safety legislation

9. hold all insurances required by law to be held by the applicant
10. not be named on the list of persons and entities on the Australian Department of Foreign Affairs and Trade sanctions list.<sup>2</sup>
11. consent to the information sharing and disclosure requirements to enable hydrogen demand aggregation, consistent with the initiative objectives.

Applicants should note that the grant funding recipient (if different to the applicant) must always comply with the eligibility criteria set out above.

The applicant must identify the proposed recipient of grant funding in the full application. The Department will only enter into a funding agreement with the proposed recipient if they have been identified and assessed by the Department during the full application.

The Department may enter into a funding agreement with a different entity if that entity is majority owned and controlled by the proposed recipient assessed by the Department during the full application.

If at the time of the full application the recipient is expected to be a different legal entity to the applicant, the applicant must clearly specify this in its application, and provide all details of the expected recipient.

### 3.1.2 Project eligibility

Applicants must demonstrate to the Department's satisfaction that they have a project as defined in section 8.3.

Applicants must demonstrate that the project:

- reduces NSW's greenhouse gas emissions
- would not have gone ahead in the near term without the support of the initiative
- produces and uses green hydrogen as defined in the project parameters with additional information and requirements in section 7.3.

Projects using hydrogen derived from fossil fuels with carbon emissions may be eligible if:

- the applicant demonstrates the use of hydrogen reduces existing emissions, and
- the contract includes a commitment to use green hydrogen by 2025 and meet the renewable energy requirements set out in the project parameters and section 7.3.

Project eligibility will be assessed in this respect on a case by case basis. In these cases, payment of grant funding will be reserved until the project's hydrogen production is green hydrogen that meets the renewable energy requirements set out in the project parameters and section 7.3.

## 3.2 Merit criteria

All merit criteria must be addressed for applications to be competitive. Only applications that satisfy the eligibility criteria will proceed to assessment against the merit criteria.

Applications will be individually assessed against the merit criteria and may also be assessed with select groups of applications in a portfolio analysis to determine its contribution to the initiative's objectives.

The merit criteria for the EOI stage, and how applicants can demonstrate the merit of their project against the criteria, is listed below.

---

<sup>2</sup> See: [dfat.gov.au/international-relations/security/sanctions/pages/sanctions.aspx](https://dfat.gov.au/international-relations/security/sanctions/pages/sanctions.aspx).

### 3.2.1 Contribution to the initiative objectives

This criteria assesses how well the project contributes to the initiative objectives. To assess this criteria, we will consider:

1. The project's alignment to the initiative objectives and project parameters outlined in section 2 of these guidelines.
2. Electrolyser capacity or biomethane steam methane reforming capacity and/or expected quantity of hydrogen produced and, where applicable, number of hydrogen vehicles and refuelling stations. Projects that include hydrogen production capacity of four tonnes per day or greater (e.g. electrolyser capacity of at least 10MW or equivalent biomethane steam methane reforming capacity) will be considered higher merit than proposals with less than four tonnes of hydrogen produced per day. For projects that include refuelling stations, generally the larger the territory coverage of fuel supply, the higher merit the Department will consider the application against this criteria.
3. The total grant funding request for a project, and the justification for the amount of funding requested. The application should demonstrate that the funding requested is the minimum grant funding required for the project to proceed including reference to any commercial constraints.
4. The cost competitiveness and efficiency of the project, which will be considered with reference to the following:
  - 4.1. the amount of total grant funding requested per kilogram of hydrogen produced (representing the economic gap to commercial competitiveness)
  - 4.2. the amount of total grant funding requested per tonne of greenhouse gas emissions abated by 2030
  - 4.3. where applicable, the amount of grant funding requested per hydrogen vehicle and refuelling station (relative to the grant funding attributable to the transport components of the project)
  - 4.4. the amount of the total grant funding per tonne of hydrogen delivered
  - 4.5. the hydrogen production efficiency (i.e. electricity or biomethane consumed / hydrogen delivered).
5. The potential for the project to drive scale and reduce hydrogen supply chain costs, including:
  - 5.1. the potential for the project to be replicated
  - 5.2. the addressable market size of the hydrogen consumer's end use sector
  - 5.3. the project's path for scaling production and consumption
  - 5.4. the extent to which the project enables uptake by other potential hydrogen consumers (either within the hub region or within the end use sector)
  - 5.5. further cost reduction of renewable hydrogen production beyond this project
  - 5.6. analysis of any planned expansion of the project and impact on the renewable hydrogen supply chain costs enabled by the expansion which might allow the project to be replicated or scaled with a reduced subsidy in the medium term
  - 5.7. the range of coverage of any refuelling stations and excess refuelling capacity that can support deployment of other hydrogen vehicles.
6. The extent to which the project will support the creation of jobs in NSW, including jobs related to the production of hydrogen and manufacture of hydrogen supply chain components
7. The forecast level of emissions abatement, on an annual basis, by 2030.

The economics of a project may be uncertain at the EOI stage. The cost competitiveness of a project at the EOI stage will be principally assessed based on the project's requested total grant funding per kilogram of hydrogen produced and, where applicable, hydrogen vehicle and refuelling station.

At the EOI stage, we will focus on the extent to which applicants clearly demonstrate:

- key economic sensitivities that will impact the amount of grant funding required; and
- information and analysis to support key assumptions that will impact the amount of grant funding required.

### 3.2.2 Applicant capability and capacity

This criteria assesses the capability and capacity of the applicant and project partners to deliver the project. To assess this criteria, the Department will consider:

1. the demonstrated level of experience and expertise of the applicant and/or applicant's project partners including where partners have successfully delivered hydrogen or other projects of a similar nature, scale or value in Australia or internationally
2. the quality and completeness of project documentation and agreements provided to the Department, as well as the extent to which these provide evidence of the applicant's capability and readiness to implement the project.

Key areas of focus for the Department when assessing this criteria will be:

- the applicant and its project partners' demonstrated prior experience and expertise that will enable them to continue to develop the project from its current stage to the level of readiness expected at the full application stage.
- the level of commitment and engagement of key project partners (including but not limited to offtakers, major equipment suppliers, advisors and commercial partners) to support the delivery of the project.

### 3.2.3 Activity design, methodology, risk and compliance

This criteria assesses:

1. how well designed and planned the project is, including whether it has clearly defined objectives and methodology, as well as your approach to identifying, managing and reporting the project's personnel, delivery, technical and financial risks
2. activity risk in terms of the likely success of the project and the achievement of intended outcomes that align with the initiative objectives and project parameters.

In assessing this criteria, the Department will consider:

- the quality and completeness of the project plan, including the level of project definition and the hydrogen use case or offtake agreement (where relevant)
- the level of project technical definition and pathway to complete the front end engineering and design phase (FEED)
- the completeness of the project timeline and the timing of project development and delivery up to and including the point of commissioning
- the level of detail regarding management of water source for the project including detail on the proposed source of water, water consumption, water quality and access and sustainability
- the level of detail regarding electrical connection for the project, including detail on the proposed connection location, evidence of progress towards an offer to connect with the relevant network service provider and timeline to connect
- the quality of the risk management plan (including the project hazard and operability analysis, workplace health and safety, and safety management plan) and the extent to which key risks have been identified and mitigated in project contracts and the financial model



- the identification and consideration of all required permits (including environmental and planning), approvals (including Foreign Investment Review Board where applicable) and consents for the project
- the extent to which the applicant accepts the terms of the funding agreement template.

There will be a focus on the quality of the project plan and the project timeline, which should demonstrate that the applicant has the resources and plans in place to submit a competitive full application and ultimately deliver the project as described in the EOI.

Applicants are expected to have reviewed and identified any proposed areas of noncompliance with the funding agreement template. Any material amendments to the funding agreement that have not been raised in an EOI are unlikely to be accepted. A revised funding agreement may be issued at the commencement of the full application stage based on feedback from applicants during the EOI stage.

Projects that have shorter proposed timeframes for financial close and commissioning may be assessed as higher merit. The timetable should provide an expected timing of key development events supported where possible with evidence (e.g. financier MOUs). Successful projects are expected to be capable of achieving financial close prior to 30 June 2023.

### 3.2.4 Financial viability and co-funding commitment

This criteria assesses the applicant's financial capacity to deliver the project and whether the amount of grant funding sought, and the total cost of the project, is appropriate. In doing so the Department will assess:

1. whether you and any project partners have the financial capacity and appropriate levels of co-funding commitment to deliver the project successfully
2. the extent to which you or other project partners are providing co-funding for the project
3. relevant industry benchmarks for the economics of the project.

In assessing this criteria, focus will be on the level of funding certainty to deliver the project within the proposed timetable, including the:

- deliverability of the financing plan
- level of conditionality of the funding commitments
- risk of cost overruns
- quality of the financial model and assumptions for the project
- capacity of the applicant to manage cost overruns.

Applications are expected to clearly set out the level of confidence regarding project cost estimates, which should include external evidence where applicable (e.g. quotes or estimates from supply chain manufacturers).

The amount of grant funding sought and total cost of the project will be assessed within the competitive framework elements outlined under section 3.2.1. The amount of grant funding requested by the applicant should not change materially between the EOI stage and the full application stage. For the avoidance of doubt, aggregating a hydrogen consumer into the project consortium does not constitute a material change.

At the EOI stage, higher merit proposals should include the following:

- evidence of total project cost estimates to a confidence level of +/- 30 per cent (excluding contingency costs) or firmer, noting key assumptions
- evidence of proposed supplier(s) pricing for all capital assets required for the project and a clear financing strategy, including an MOU with financiers setting out the key terms and conditions of the funding



- a detailed plan for how cost overruns will be managed and funded
- a financial model for the project including all associated assumptions.

### 3.2.5 Knowledge sharing

This criteria assesses:

1. the value of the knowledge generated by the project in contributing to the initiative objectives
2. how well that knowledge is targeted to specific audiences, such as new market participants who may have an interest in developing hydrogen projects in the future
3. how you will capture, store and disseminate the data, information and lessons learned from the project.

In assessing this criteria, the Department will consider:

- how well the knowledge generated will contribute to the initiative objectives
- the extent to which the applicant is willing to comply with the Department's knowledge sharing requirements set out in the funding agreement
- the extent to which additional valuable knowledge may be generated and shared from the project
- the extent to which the knowledge generated supports the development of new markets and supply chains.

The application should include any additional knowledge sharing deliverables proposed by the applicant.

## 4 Grant funding support

### 4.1 Scope of funding

There is no minimum amount of grant funding that applicants must apply for. The NSW Government has committed at least \$70 million in funding to support the Initiative under the \$175 million New Low Carbon Industry Foundations focus area of our Net Zero Industry and Innovation Program. The NSW Government may, in its absolute discretion, award additional funding, out of New Low Carbon Industry Foundations area of the Net Zero Industry and Innovation Program, to achieve the initiative and broader program objectives based on a portfolio assessment of the applications received. Any additional funding will be subject to the broader programs funding requirements.

An amount of funding may be allocated that is less than the current committed funding pool, or fewer than one project in both the Hunter and Illawarra region may be funded, if the applications received are not considered to be of sufficient merit to support an offer of grant funding or if it is not possible to support all high merit projects within the current committed funding pool.

Funding will be limited to no more than half of a project's eligible expenditure. In line with the principle of value for money, projects with a larger proportion of applicant contributions will be considered as higher merit.

Grant funding is available for projects and can be used for any eligible expenditure related to the project. This includes any assets and equipment necessary for the use of hydrogen. Hydrogen consumers that register for the initiative can access grant funding if they join a project and are part of a full application.

Grant funding payments are expected to commence in financial year 2022/23.

These payments should be at least matched by applicant contributions, including equity and debt funding, to eligible expenditure within this period. Details on eligible expenditure are outlined in section 8.1.

Payment of grant funding is based on project milestones that must be verified. As part of the application, applicants are required to provide four or five suggested milestones and associated grant funding payment amounts that will occur when each milestone is completed.

Applicants must demonstrate that the project needs the requested amount of grant funding to proceed. Non-cash contributions (in kind contributions) shouldn't be included in the budget submitted with applications.

Applicants should seek professional advice on the taxation treatment of grant funding provided by the Department under the initiative prior to applying. The Department does not provide taxation advice.

### 4.2 Joint funding opportunities

Applicants can apply to receive joint funding from other government entities, such as the Commonwealth Government's Department of Industry, Science, Energy and Resources and the Australian Renewable Energy Agency (ARENA).

Where possible, the application process for joint funding will be streamlined. Applicants that want their project considered by another government entity to receive joint funding must:

- apply to the other government entity prior to close of the initiative's application period
- consent to the application and associated information being shared with the other government entity.

Applicants seeking joint funding must comply with the other government entity's application and assessment processes. Where applicants have applied for joint funding, the other government entity will conduct an assessment and funding process separate to the initiative. Approval of joint funding by another government entity won't result in automatic approval for grant funding by the Department.

Joint funding is being assessed on a case-by-case basis. Where applicants apply for joint funding, the total funding support required for the project must be declared across all funding applications.

**EXAMPLE:**

An applicant is seeking joint funding for a project that requires \$10 million of funding support to proceed.

The applicant should state the same \$10 million funding gap in applications submitted to the Department and the other government entity. In the application, applicants can indicate how the scale of a project may change depending on how much joint funding is received.

If an applicant is awarded joint funding, each joint funder will decide on how much they award. Any funding will be paid under separate funding agreements.

We'll still consider applicants that aren't successful in achieving joint funding from other government entities.

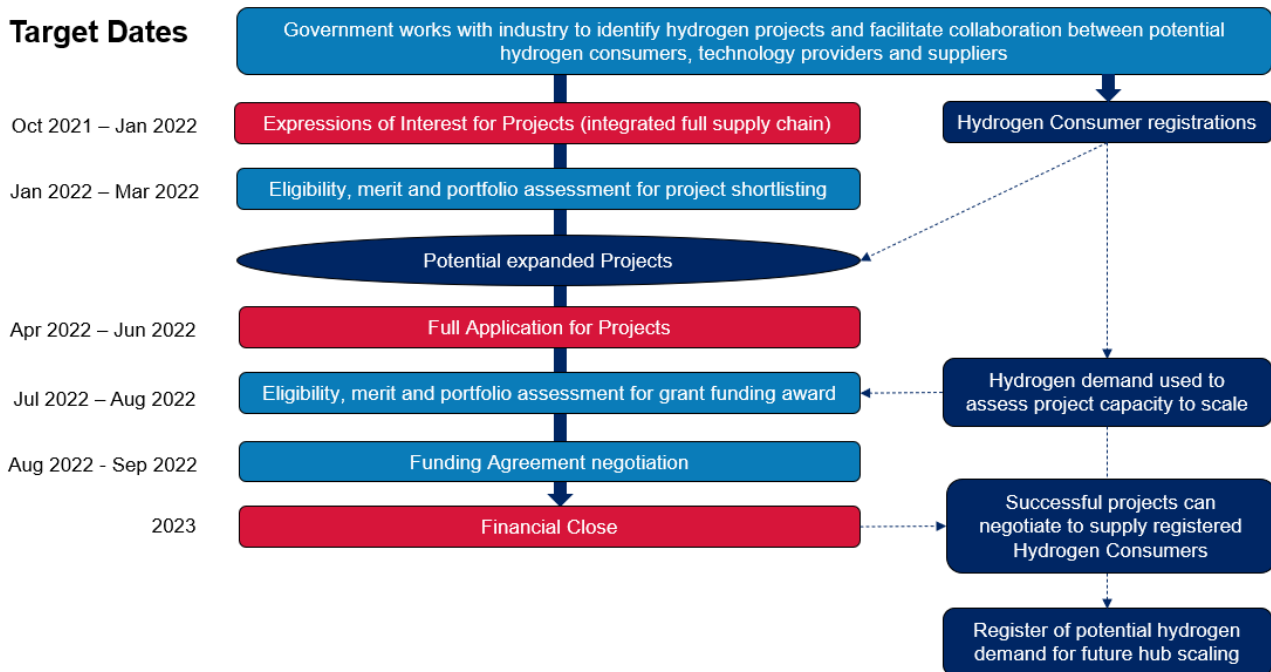
Applications in this initiative may also be able to receive funding support through the Clean Energy Finance Corporation (CEFC) Advancing Hydrogen Fund. It can provide debt or equity finance to eligible projects in accordance with the CEFC investment mandate. To make the CEFC application process more efficient, projects that make it through to the full application stage are given the opportunity to explore funding opportunities with the CEFC.

## 5 Application and assessment process

The initiative's project stream application and assessment processes are competitive and have two stages:

1. Stage one: Expression of Interest (EOI)
2. Stage two: full application.

Eligibility and merit criteria (see section 3) are assessed at both the EOI and full application stages. A high-level overview of the process is illustrated in the figure below. Note the dates for each step of the process are indicative target dates only and are subject to change.



**Figure 2: Application process**

### 5.1 Contact and timing

Indicative dates for each step of the initiative process are highlighted above, however these dates may change. Up-to-date information, including key dates, is available on the initiative website: [energysaver.nsw.gov.au/hydrogen-hubs](https://energysaver.nsw.gov.au/hydrogen-hubs).

Questions about the initiative should be emailed to [hydrogen@planning.nsw.gov.au](mailto:hydrogen@planning.nsw.gov.au).

#### 5.1.1 Transport for NSW contact

If a project includes an offtake from a Transport for NSW controlled vehicle, such as a bus, train, ferry or fleet vehicle, Transport for NSW's Director of Future Mobility must be contacted at [electricvehicles@transport.nsw.gov.au](mailto:electricvehicles@transport.nsw.gov.au) before applying to discuss any additional requirements for that offtake.

Applications will need to demonstrate an initial discussion with Transport for NSW has been held regarding the proposed vehicle offtake and have considered any additional requirements from Transport for NSW for that offtake.

## 5.2 Project application process

### 5.2.1 Expression of Interest

The project EOI process is outlined below and timeframes are published at [energysaver.nsw.gov.au/hydrogen-hubs](https://energysaver.nsw.gov.au/hydrogen-hubs). The information and documentation that applicants must provide is set out in section 8.2.

Applicants should also include any additional information or documentation required to address the merit criteria.

EOI process:

- Applicants to complete the projects EOI application form, which will be available on the application portal at: [netzeronsw.smartygrants.com.au/hydrogenproject](https://netzeronsw.smartygrants.com.au/hydrogenproject).
- Questions regarding applications can be submitted at [hydrogen@planning.nsw.gov.au](mailto:hydrogen@planning.nsw.gov.au). At its discretion, the Department may choose to make questions and clarifications available to all applicants. This process will not release any commercial-in-confidence information unless otherwise agreed. We will endeavour to respond within three business days to any enquiries.
- EOI responses received after the closing date will be deemed 'late' and registered separately. A late response will only be admitted for assessment at the Department's discretion.
- EOIs will be assessed against the eligibility criteria (section 3.1) to determine the eligible applications. Only eligible applications will be assessed against the merit criteria (section 3.2).

### 5.2.2 Full application

The project full application process is outlined below. Indicative dates for the full application process are highlighted in section 5, and dates will be confirmed on the website after notifying applicants they have been shortlisted for the full application stage. As a guide for applicants, it is expected they will have up to three months to complete the full application.

- The full application form will be issued to shortlisted applicants through the application portal. Guidance will be issued on additional evidence requirements to address the merit criteria to shortlisted applicants. The merit criteria will be the same at both stages, but the evidence requirements for the full application will be more robust than the EOI.
- Applicants may submit questions regarding their application to the Department at [hydrogen@planning.nsw.gov.au](mailto:hydrogen@planning.nsw.gov.au). At its discretion, the Department may choose to make questions and clarifications available to all applicants. This process will not release any commercial-in-confidence information unless otherwise agreed. We will endeavour to respond within three business days to any enquiries.
- Full applications must include comprehensive information to enable the Department to assess the proposed project against the eligibility criteria and merit criteria. Further guidance may be provided on the level of evidence required for the full application once successful applicants have been shortlisted.
- Full applications must be submitted by the closing date. Responses received after the closing date will be deemed 'late' and registered separately. A late response will be admitted for assessment at the Department's discretion.
- The Department and its advisers will assess full applications to determine the successful recipients.

The Department reserves all rights to amend these guidelines and the application processes described herein in order to achieve the initiative objectives.

## 5.3 Assessment process

### **Applications must be completed in full and include all specified information.**

If applicants do not provide the specified information in the format required, the Department may seek supplementary information or clarifications, or may assess your application as non-conforming and may remove it from further consideration.

At both the EOI stage and full application, applications must satisfy all eligibility criteria before they are able to proceed to assessment against the merit criteria. A portfolio assessment of all applications received may be conducted, to ensure projects awarded grant funding are achieving the initiative objectives. The portfolio assessment may modify the assessment and initial ranking of individual applicants.

EOI responses will be used to shortlist projects for the full application. The merit criteria is the same for both the EOI and full application. Applicants that progress to full application will be provided with updated guidance about how the merit criteria is being assessed for that stage and what the information and evidence requirements are to support the full application.

Advice may be sought on the merit assessment of an application from third parties, which may include ARENA and external consultants or advisers.

Clarification may be sought from applicants in relation to any matter arising from the assessment of the EOI or full application. Applications that fail to meet one or more of the eligibility criteria, or that are assessed to be of low merit against one or more merit criteria, will not be successful.

Where applicants have applied for joint funding with the Department and another government entity, the other government entity may conduct its own independent assessment and funding process.

## 5.4 Due diligence

The Department reserves the right, at its discretion, to conduct due diligence enquiries on an application as it sees fit to verify any information and ensure the integrity of the initiative. Information submitted in the full application may be subject to investigation, reference checking, invoice comparison, site visits, interview/s, enquiries and confirmation by the Department.

Due diligence may include, but is not limited to:

- inviting applicants to present their application to the Department and/or the Department's consultants and advisers
- commissioning or completing research, analysis and modelling to support assessments
- contacting any identified project participant organisations, such as any identified offtakers, equipment suppliers or organisations such as ARENA, and or the relevant electricity Network Service Provider to confirm or verify elements of the application
- contacting any relevant federal, state, territory and international government agency about the application
- disclosing information by applicants to the Department (and its advisers) of any material reasonably required by the Department in respect of the matters of the eligibility criteria and merit criteria.

Where an applicant has also applied for joint funding, the Department will work with the potential joint funder to share due diligence resources and, where possible, minimise the burden on applicants.

Due diligence by the Department, and the applicant's cooperation with this, is likely to have a material impact on the Department's assessment of an application.

In addition, applicants should be aware that:

- the completion of due diligence to the satisfaction of the Department may also be required to satisfy one or more criteria for release of funding under the funding agreement
- where project contributions are expected to include debt financing, we may require access to, and reliance on, professional due diligence commissioned by debt financiers to satisfy one or more criteria for release of funds under the funding agreement. Accordingly, applicants must liaise with us to facilitate appropriate terms and arrangements when engaging with debt financiers.

## 5.5 Final decision

The Department's decision is final in all matters, including:

- the rejection, refusal and cessation of assessment of an EOI or full application at any time
- the approval of applications for grant funding
- the amount of grant funding awarded
- the terms and conditions of grant funding.

Resubmission of EOIs or full applications, or requests for review, will not be accepted unless otherwise decided by the Department.

Applicants will be advised in writing about their application's assessment outcome.

## 5.6 Offer to negotiate

Applicants successful at the full application stage will receive a non-binding offer to negotiate a funding agreement. The offer to negotiate outlines the terms under which the Department is prepared to enter into negotiations for a funding agreement for the project. The offer to negotiate will outline the:

- value of grant funding being offered
- terms and conditions associated with the offer of grant funding
- development milestones and timetable that the applicant is required to meet, such as relevant milestones up to and including financial close
- terms under which the Department may withdraw the offer of funding
- requirements for monthly confirmation that the applicant is proceeding with the project.

Receipt of an offer to negotiate does not guarantee the offer of grant funding. Any payment of funds by the Department through the initiative will be subject to the execution of a funding agreement.

Applicants that receive an offer to negotiate **must keep the information confidential** until the funding agreement is executed.

Any public communication by the applicant regarding the project between the time of application submission and execution of the funding agreement can only happen with the Department's prior written consent. The Department may withdraw from negotiations if the applicant does not comply.

## 5.7 Front end engineering and design (FEED) cost rebate

The front end engineering and design (FEED) cost rebate is designed as an incentive for projects to progress the FEED element during the full application stage.



Subject to the Department's absolute discretion, a cumulative total of up to \$2 million (total FEED cost rebate amount) may be made available to partially reimburse qualifying applicants for FEED related expenditure (FEED cost rebate).

The FEED cost rebate is only available for expenses incurred during the full application process. A FEED cost rebate is only available to applicants invited to submit a full application and who do not receive an offer to negotiate.

If a FEED cost rebate is offered by the Department to an applicant, the applicant may be required to enter into an agreement with the Department (on terms acceptable to the Department) prior to the provision of any FEED cost rebate.

Applicants eligible for a FEED cost rebate may request up to 50% of verifiable third party costs, subject to:

- evidence of the costs being incurred in the period between accepting an invitation to the full application stage and receiving an offer to negotiate
- evidence of the costs being essential to support the large capital components of the project outlined in the full application, for example electrolyser and/or refuelling stations
- the costs relating to services that are being provided by a suitably qualified party
- the request not exceeding the estimated FEED costs outlined in any part of the application
- the applicant agreeing to make aspects of FEED publicly available including, but not limited to, any electrolyser and refuelling station pricing, and the cost of major equipment items equal to more than 10% of the total project costs.

The decision about an applicant's eligibility to receive the FEED cost rebate, and the amount of any payment to any applicant, is at the Department's discretion. Any FEED or other development costs incurred by the applicant during or before the full application stage are at the applicant's own risk.

### 5.7.1 Compliance and requirements for FEED Cost Rebate

The maximum amount of FEED cost rebate payable to an applicant is \$1 million (excluding GST).

Applicants that receive an offer to negotiate (whether accepted by the applicant or otherwise) are not eligible to receive a FEED cost rebate.

FEED cost rebates will not be provided where grant funding from another party has been received in support of verifiable third party costs related to FEED. Applicants that may be subject to these requirements should seek clarification from the Department in writing at [hydrogen@planning.nsw.gov.au](mailto:hydrogen@planning.nsw.gov.au) prior to submitting a full application.

If the cumulative total of complying FEED cost rebate claims received from all applicants is greater than the total FEED cost rebate amount, the amount of the FEED cost rebate payable to applicants will be prorated. This reduced rate will be based on the proportion of an applicant's claim relative to all other FEED cost rebate claims received by the Department.

To be eligible to receive a FEED cost rebate, an applicant must meet the following requirements:

- an eligible full application must be lodged by the full application due date
- the full application must not include any material changes relative to the EOI (see section 7.2)
- the applicant does not receive an offer to negotiate under the initiative
- submission of a request for payment uses the prescribed form provided by the Department at the full application stage
- the request must be accompanied by suitable evidence of expenses incurred including detailed material and supporting information.



## 6 Funding arrangements

### 6.1 Funding agreement

Successful project applicants will be required to enter into a funding agreement with the Department to receive grant funding. The funding agreement details the applicant's and any other relevant parties' obligations for the project.

The funding agreement provides the legal framework for each party's obligations and terms of payment for each successful full application. A copy of the funding agreement template is available on the initiative's website at [energysaver.nsw.gov.au/hydrogen-hubs](https://energysaver.nsw.gov.au/hydrogen-hubs). Applicants are expected to accept this funding agreement with no or very limited changes (see merit criteria in section 3.2.3).

With an EOI application, applicants must provide a detailed list of any proposed amendments to the funding agreement in the departures template available on the initiative's website at [energysaver.nsw.gov.au/hydrogen-hubs](https://energysaver.nsw.gov.au/hydrogen-hubs). Material amendments to the funding agreement template that have not been raised in the applicant's EOI application are unlikely to be accepted. Applicants are also advised not to enter into any financial or commercial commitments in reliance of a funding agreement until such an agreement has been issued.

The funding agreement will stipulate the development milestones for the project that the recipient is expected to adhere to.

### 6.2 Grant funding uses

Grant funding must only be used for eligible expenditure on the project, as detailed in section 8.1. Applicants are required to identify verifiable milestones and prepare budgets reflecting the eligible expenditure required for each milestone.

These milestones will be detailed in the funding agreement. Grant funding will be limited to no more than half of a project's eligible expenditure, and projects with a larger proportion of applicant contributions will be considered as higher merit.

The guidelines for eligible expenditure must be adhered to when preparing the budget that is submitted with an EOI and full application. This is also required when submitting regular milestone reports under the funding agreement.

### 6.3 Department monitoring of projects

Successful applicants are required to provide reporting in line with the requirements detailed in the executed funding agreement. The progress of projects will be monitored by assessing reports submitted by applicants and conducting site visits to confirm details of those reports.

Occasionally, we may need to re-examine claims, seek further information, or request an independent audit of claims and payments. Applicants will be given a reasonable time period to provide any additional information.

### 6.4 Sharing knowledge and publishing information

The NSW Government may publicly announce and/or publish the following information associated with successful projects:

- name of the recipient
- title of the project
- description of the project and its aims
- amount of grant funding awarded.

Certain information will be published on the NSW Government tenders website (tenders.nsw.gov.au or other authorised website) about a project where the total estimated value of the grant funding is \$150,000 or more. Information will be published as required under Division 5 of Part 3 of the *Government Information (Public Access) Act 2009*.

The NSW Government will share or publish information about any project when required under law.

Further conditions of grant funding include:

- agreement to provide the Department with a publicly available report about the project
- agreement to hold public knowledge sharing sessions to inform industry and the broader community about the project's development and findings.

The terms of the funding agreement include an obligation on the recipient to deliver a knowledge-sharing plan for the project that is approved by the Department and outlines how knowledge about the project will be shared publicly and with industry.

## 6.5 Work health and safety

All organisations have obligations under relevant work health and safety law as persons conducting a business or undertaking. This ensures the health and safety of workers so far as is reasonably practicable, and that the health and safety of other persons is not put at risk from their undertakings.

This obligation includes applicants ensuring that safe systems of work are in place for each of the activities conducted in support of the project. The Department expects applicants to be committed to health and safety management throughout the lifetime of the proposed project.

## 7 Additional conditions

### 7.1 Commencement and authority for the guidelines

These guidelines have been approved by the Minister for Energy and Environment. The guidelines may be varied from time to time, or revoked. The Department has the authority to award grant funding under the initiative. The Department will execute and vary the funding agreements that allow the NSW Government to provide this funding.

### 7.2 No material changes

In line with the initiative objectives, a material change does not include any changes as a result of the aggregation of hydrogen consumers identified into a project's full application. This includes changes to grant funding requests and electrolyser capacity or biomethane steam methane reforming capacity.

To ensure the competitive process is fair, the Department will not accept any material changes to the original project specifications between lodgement of the EOI application and financial close (as defined in section 8.3). A material change may include, but is not limited to:

- a change in the use case of the renewable hydrogen to be produced from the project
- a change in the geographic location of the project
- a decrease in the size of the electrolyser capacity of more than 10% of the MW capacity
- a change in timing of target financial close by more than 6 months
- an increase in the size of the grant request greater than 10% of the grant request at the EOI stage.

The Department will determine, at its discretion, whether any such change is material in nature. If a material change occurs, the Department reserves the right to determine if the changes are acceptable and support the initiative objectives.

The Department may, at its discretion, determine it is appropriate to allow an increase in the amount of an applicant's request for grant funding. Following assessment, the Department may exercise discretion in this regard if the change is considered to represent value for money, and is in line with the initiative objectives. This would be subject to the applicant meeting any conditions imposed in an offer to negotiate letter.

### 7.3 Renewable electricity

Where an applicant is proposing to use contracted electricity from a renewable power purchasing agreement and surrender of renewable energy certificates, the applicant must provide evidence that the electricity is 100% renewable. Any mandatory contributions to the Renewable Energy Target (RET) are considered as part of the 100%. Applicants must voluntarily surrender the certificates associated with any remaining percentage above the mandatory RET component through GreenPower.

This means certificates associated with electricity contracted to the project cannot be applied for other purposes not associated with the project (for example, extinguishing a certificate liability or on-selling the certificates). This also applies for any certificates generated by on-site renewable electricity generation. An arrangement to confirm the required surrender or retirement will be outlined in the funding agreement.

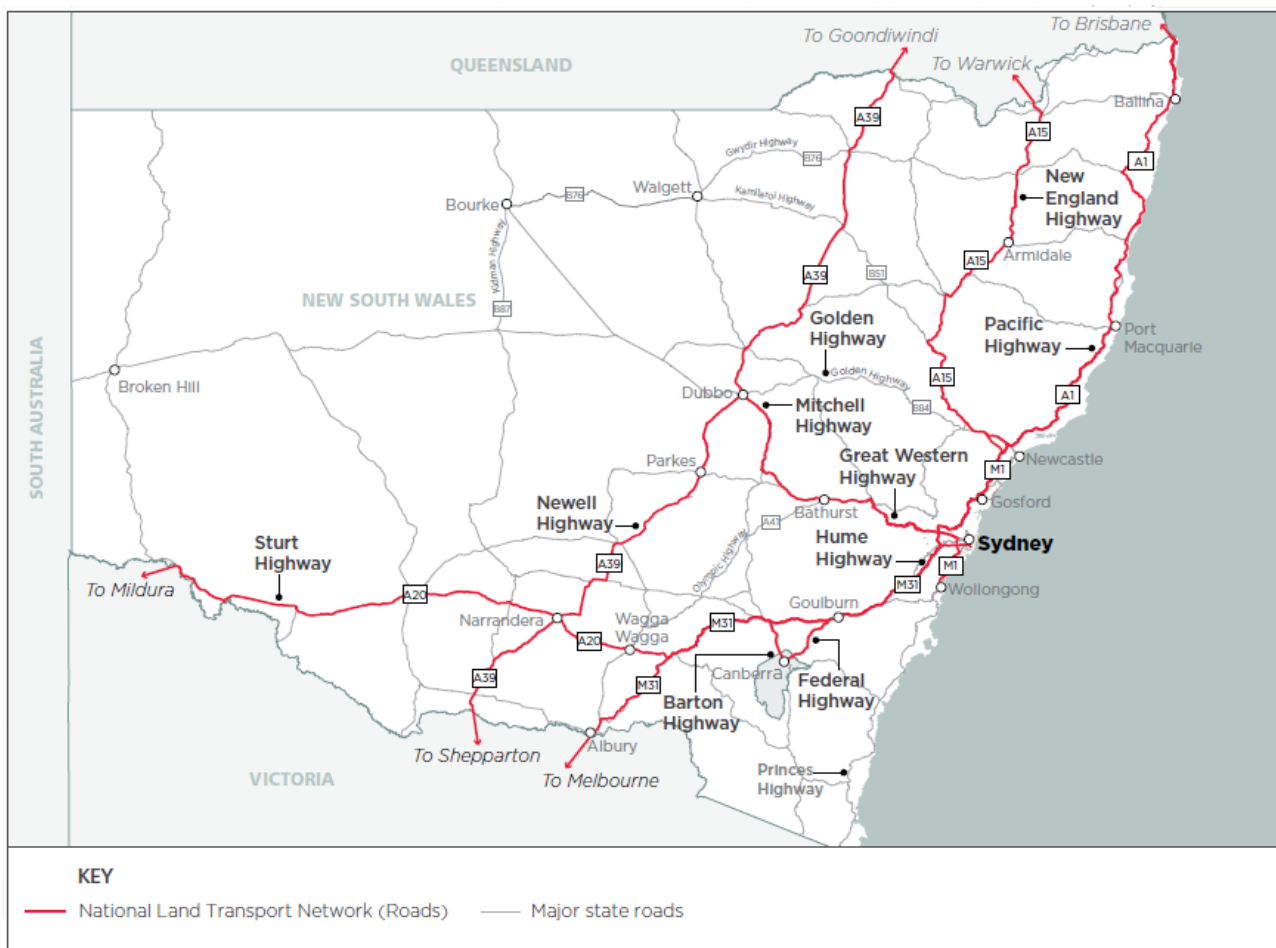
Where an applicant intends to use contracted electricity from a renewable power purchasing agreement with a generator that is not creating renewable energy certificates but supplies 100% renewable energy, the application must clearly demonstrate that the energy purchased is renewable. The Department reserves the right to consult with the Clean Energy Regulator as required to assess whether the energy supply is compliant with the requirements set out in these guidelines.

The Department will only accept small-scale technology certificates (STCs) if they haven't been used or applied against any other target or application. Applicants are required to consult with the Clean Energy Regulator if they wish to utilise STCs as their method for demonstrating renewable electricity. Applicants must include the outcome of this correspondence in their full application.

## 7.4 National Land Transport Network

One of the intentions of the initiative is to kick-start the use of hydrogen vehicles in the heavy transport sector. It is intended that the hydrogen refuelling stations established through the initiative will enable this broader uptake.

For this reason, preference will be given to projects with refuelling stations located along, or within a distance that is reasonably accessible from, the National Land Transport Network as identified below:



**Figure 3: National Land Transport Network**

## 7.5 Demonstration of capacity to scale for full application stage

At the full application stage, projects may be asked to include in their full application, in addition to any confirmed offtake, potential additional offtake from:

- a nominal amount of government heavy vehicles
- all registered hydrogen consumers within the hub region
- a nominal amount of hydrogen for potential export markets.

Consideration of this potential additional offtake is not commercially or legally binding on the lead proponent of the project. This information will be used to support the assessment of the project's capacity to scale up and competitively supply hydrogen as part of the hub.

## 7.6 Limitations

### 7.6.1 No representation, warranty or guarantee

The Department does not give any representation, warranty or guarantee, whether express or implied, in relation to the information contained in any materials released by the Department associated with the initiative (program materials). This includes their completeness, accuracy, currency or reliability or the process by which they were prepared.

The Department does not give opinions regarding legal, accounting, regulatory, taxation or any other matters. Without limiting the foregoing, nothing in the program materials is or should be regarded as advice in relation to those matters.

Nothing contained in the program materials is or may be relied upon as a promise, guarantee, representation or warranty.

### 7.6.2 No obligation to update

The program materials, the information contained herein and the matters to which it relates may be amended, updated or withdrawn at any time, at the Department's discretion. However, the Department does not accept any responsibility to update, supplement or correct the program materials, nor to inform applicants about any matter that may affect the program materials.

### 7.6.3 No liability

The Department expressly disclaims all liability for any loss or damage incurred by any person arising from, or because of, any person's use of or reliance on any information, statement, opinion or matter (express or implied) contained in, derived from, or omitted from the program materials, except for any liability which cannot be excluded under law.

### 7.6.4 Other limitations

The program materials are not an offer, recommendation or invitation by the Department in respect of any contract or commitment and, subject to a funding agreement being fully executed, nothing in the program materials will form the basis of any contract or commitment.

Applicants must rely entirely upon their own investigations, review and analysis in relation to their assessment of whether or not to apply to and participate in the initiative.

## 7.7 Confidentiality and disclosure of information

As part of the application, applicants must clearly identify which information provided is commercial-in-confidence and requires confidential treatment by the Department.

To assess your application, commercial-in-confidence information provided by you may be disclosed to the following parties:

- the Minister or Minister's office
- the NSW Ombudsman and Audit Office of NSW
- the Department and its employees, officers, agents, subcontractors, consultants and advisers
- ARENA
- CEFC
- AEMO
- any agency or body of the NSW Government, or any other organisation or individual considered by the Department to have a need or an entitlement to know that information (including any federal, state or territory agency or body), where that need or entitlement to know that information arises out of or in connection with the Department's assessment, verification or due diligence of any aspect of your application
- where authorised or required by law to be disclosed, to those parties.

If commercial-in-confidence information is disclosed to any of the above parties, we will inform the party that the information is strictly confidential. We will otherwise only disclose commercial-in-confidence information provided by you with your consent.

Organisations that register as a hydrogen consumer consent to having their contact details and the content of their registration regarding potential hydrogen offtake made publicly available.

At the conclusion of the full application stage of the funding round, the Department may publish aggregated and non-identifiable data from the project full applications received. It would be published to provide a high level of transparency to stakeholders on the range of applications received. This may include information about:

- proposed electrolyser capacity sizes or biomethane steam methane reforming capacity sizes
- a summary of proposed production technology types
- total electrolyser supply cost (including and excluding identified balance of plant) per MW of electrolyser capacity or total biomethane steam methane reforming plant supply costs per daily production capacity
- end use cases as aggregate categories
- grant funding amount per MW of electrolyser capacity
- grant funding amount per tonne of hydrogen delivered in the first 12 months of steady state operations
- MWh per tonne of hydrogen delivered in the first 12 months of steady state operation
- the Department grant as a percentage of total project cost
- total project cost or grant funding by region
- cost (\$/L) and volume (L/Kg of hydrogen produced) of water used in production of hydrogen
- water sources, such as potable, recycled or seawater
- estimated reduction in carbon footprint in CO<sub>2</sub>e compared to alternative technology, for example, steam methane reforming (SMR) compared with renewable hydrogen
- the number of full-time equivalent employees (FTEs) required during the construction period, and the number of ongoing FTEs during the operation of the project.

## 7.8 Complaints

Complaints concerning the initiative should be emailed to [hydrogen@planning.nsw.gov.au](mailto:hydrogen@planning.nsw.gov.au).

The Department will in the first instance, review complaints. If the Department cannot resolve the complaint within 30 business days of receipt, it will provide details of a nominated complaints and review officer from the Department's customer service and complaints unit, who will advise the next steps. If the complaint is still not resolved satisfactorily, the NSW Ombudsman can be contacted for external review of the administrative actions of the Department.

## 7.9 Conflict of interest and probity

The Department is committed to ensuring the initiative is managed in line with established probity principles for NSW Government decision making, and in line with NSW Grants Best Practice Guidelines.

The Department will administer clear association and conflict of interest declaration procedures for the initiative, including procedures for all staff to declare any interests.

All consultants and advisers engaged by the Department to assist in delivery of the initiative will be required to disclose any conflicts of interest they may have in relation to applicants, and they may be excluded from work if required under the Department's probity procedures.

The Department has also engaged an independent probity advisor to advise the Department throughout the assessment and decision-making process, and to help ensure that the initiative is evaluated in a fair, transparent and objective manner and is consistent with these guidelines.

If any applicant has a question or concern regarding the probity or fairness of the initiative they should contact [hydrogen@planning.nsw.gov.au](mailto:hydrogen@planning.nsw.gov.au).

## 7.10 Initiative evaluation

The Department will evaluate the initiative to determine the extent to which funded activities contributed to achieving the initiative objectives.

Information from your application and project reports may be used for this purpose. The Department may also interview you or ask you for more information to help understand how the grant funding affected you, and to evaluate how effective the initiative was in achieving its objectives.

Without limiting any specific reporting or evaluation requirements or similar set out in any funding agreement executed with the Department, you may be contacted up to two years after you finish your project for more information to assist with this evaluation.

## 7.11 Communications and announcements

Any media releases by applicants related to projects in the initiative must be jointly agreed between the Department and the applicant. All media announcements, releases or other public disclosure to third parties relating to the project and the initiative must only be with the prior written approval of the Department.

Once a funding agreement is executed, the terms of the funding agreement will govern any public announcements. The Department reserves the right to promote aspects of the project that are not commercial-in-confidence in publicly available materials published by the Department at its discretion.



## 7.12 Grant acknowledgement

Without limiting section 7.11 (and subject to any specific requirements in an executed funding agreement), if you make a public statement about a project funded under the initiative, you are required to acknowledge the support provided by the Department. We suggest using the following:

“This project received grant funding from the NSW Government and [other funding body – where applicable].”

## 7.13 The Department’s discretion

Notwithstanding anything else in these guidelines, by applying, applicants acknowledge and agree the Department has the right (in its absolute discretion) to reject, refuse to consider or cease to assess an application, at any time, if the Department is of the view (in its absolute discretion) that an application is unlikely to be successful.

## 7.14 More information

Potential applicants and interested parties should refer to the initiative website for up-to-date information at [energysaver.nsw.gov.au/hydrogen-hubs](https://energysaver.nsw.gov.au/hydrogen-hubs).

Any questions or clarifications can be sent to [hydrogen@planning.nsw.gov.au](mailto:hydrogen@planning.nsw.gov.au).



## 8 Appendix

### 8.1 Project eligible expenditure

These eligible expenditure guidelines specify the kinds of expenditure eligible for activities funded through the initiative. These guidelines will be recognised in the funding agreement and must be followed when preparing the budget submitted with an application.

These guidelines must also be followed as part of the regular milestone reporting and annual financial reporting required of recipients. The guidelines may be updated from time to time, and it is the responsibility of each applicant to ensure they have the current version available from the initiative website.

Once a funding agreement is executed for a project, payments will be made when the project meets agreed milestones. Payments must be spent on eligible expenditure in line with these guidelines and the funding agreement. Where a recipient is in any doubt about the eligibility of some of the expenditure on their proposed project, the recipient should discuss the matter with the Department.

#### 8.1.1 Milestone payments

The proportion of eligible expenditure to be paid at each milestone will be determined on a case-by-case basis as part of funding agreement negotiations. The funding agreement will require recipients to provide financial reports detailing eligible expenditure on the project for each milestone period.

#### 8.1.2 General principles

The following general principles apply when considering eligible expenditure.

- Eligible expenditure is expenditure related directly to the undertaking of the project and may include capital expenses and operational expenses.
- Eligible expenditure is calculated as the GST inclusive amount less any GST credits the recipient is entitled to claim.
- Non-cash contributions (in-kind contributions) should not be included in the budget submitted with applications under the initiative. Applicants can request that the Department consider whether specific in-kind contributions to their project can be included in the budget. The Department will consider, in its absolute discretion, whether the in-kind contribution is consistent with these guidelines.
- Expenditure prior to the execution of a funding agreement or after the completion date (as specified in the funding agreement) for the project is not eligible expenditure.
- Opportunity costs are not eligible expenditure.
- Where resources are used on a project and on unrelated activities elsewhere in the recipient organisation, the cost of those resources must be apportioned to the project, based on the proportion of those resources that were used by the recipient in undertaking the project.
- Related party transactions must be treated on an 'at-cost' basis, without mark-up, unless the recipient can demonstrate to the satisfaction of the Department, that the transaction has been calculated on an arm's-length basis.
- Generally accepted accounting principles must be followed, and it must be possible to track expenditure relating to the project through a recipient's accounting system to meet the financial reporting and audit requirements in the funding agreement. Further details are set out below.

### 8.1.3 Eligible expenditure

Eligible expenditure includes:

- expenditure on the preparation of contracts entered into for the purposes of undertaking the activities required for the conduct of the project. This is subject to the ineligible expenditure constraints, which are detailed in section 8.1.4
- labour expenditure, such as salaries and wages, including reasonable on-costs for personnel employed directly on the project. Labour on-costs include workers' compensation insurance, employer contributions to superannuation, recreation and sick leave, long service leave accrual and payroll tax. Further detail on this expenditure is set out in section 8.1.5
- administrative expenses, including expenses incurred on communications, accommodation, computing facilities, travel, recruitment, printing and stationery, where such expenses are related directly to the project
- expenditure for plant installed for the project at the full delivered cost of the plant GST inclusive, less any GST credits the recipient is entitled to claim
- expenditure on plant used for the construction of a project, calculated on the basis of hire or lease costs, and running costs directly related to the construction of the project, such as rent, power, fuel and repairs and maintenance
- expenditure on activities that directly contribute to, or enable knowledge sharing, including database development, websites, applications and reports
- expenditure on legal, audit and accounting costs related directly to the project
- expenditure related to the raising of funds for the project, or the formation of consortia or joint ventures or other partnering arrangements, where such activities can be related directly to the project
- expenditure such as relevant licence fees or intellectual property purchase costs, where the recipient needs to access specific technology to undertake the project.

### 8.1.4 Ineligible expenditure

Ineligible expenditure includes, but is not limited to:

- activities that directly relate to NSW Government planning assessment processes. This includes biodiversity studies, heritage studies, noise, air quality and traffic studies, and water, waste and hazardous material studies
- expenditure related to the general operations and administration of the recipient entity that the recipient could reasonably be expected to undertake in the normal course of business
- expenditure on activities that a local, state, territory or Commonwealth government agency has the responsibility to undertake
- interest on loans for new and pre-existing capital items used for the project
- expenditure on the acquisition of land for a project
- sales or promotional activities that don't directly support the successful completion of the project
- membership fees, donations, or any other expenditure that the Department determines doesn't directly support the successful completion of the project
- expenditure that doesn't directly support the successful completion of the project.

### 8.1.5 Labour

Eligible labour expenditure is the gross amount paid or payable to an employee of the recipient entity. Eligible salary includes any components of the employee's total remuneration package itemised on their PAYG annual payment summaries submitted to the Australian Taxation Office.

Recipients must provide evidence to demonstrate the amount of time that an employee spent on the project. Evidence to support eligible expenditure on labour could include timesheets, job cards or diaries. Labour costs can't be claimed based on an estimation of the employee's worth to the company, where no cash has changed hands.

### 8.1.6 Contract expenditure

Eligible contract expenditure is the cost of any activities that support the project performed for the recipient by another organisation. Work that will be performed on a project must be the subject of a written contract, including a letter or purchase order, which specifies the nature of the work for the recipient and the applicable fees, charges and other costs payable. The written contract must be executed prior to the commencement of the work conducted under the contract.

It is not a requirement for contracts to be in place at the time an applicant submits an application to the Department. However, for major items of contract expenditure such as purchases of major items of hardware to be included in the project, applicants are expected to have some form of documentary evidence to substantiate the expenditure included in the financial estimates. This may include, for example, written quotes from suppliers.

Where the contractor and the recipient are not at 'arm's-length', the amount assessed for work performed will be an amount considered to be a reasonable charge for that work. It must not contain unacceptable overheads, or any element of 'in group profit'. Organisations considered not at 'arm's-length' include related companies and companies with common directors or shareholders.

### 8.1.7 Overseas and interjurisdictional expenditure

Grant funding can be used for capital items that are permanently located outside of NSW, for example refuelling stations. This may be up to a maximum of 10% of the total grant funding paid by the Department to the recipient.

No more than 10% of total department grant funding paid to the recipient can be applied to eligible expenditure that is not equipment or materials incurred by a recipient outside of Australia, except in exceptional circumstances that must be justified by the recipient. The Department will need to agree to this in writing before the expenditure takes place.

Following execution of a funding agreement with the Department, expenditure on goods and services overseas may be subject to approval by the Department as specified in the funding agreement.

### 8.1.8 Accounting systems

Recipients are required to have suitable accounting systems in place. Recipients must provide the Department with assurances that the accounting system used by the recipient and any consortium partners allows for the separate and accurate identification of contributions and eligible expenditure on the project.

A clear audit trail of all initiative funding contributions and eligible expenditure must also be available on request and as required to meet the requirements in the funding agreement.

## 8.2 Project EOI application information requirements

Project applications should include information in this appendix in addition to the guidance provided in section 3.2.

At the EOI stage, project applicants must provide information set out in the following sections.

### 8.2.1 Third party arrangements

Project applications should include evidence of third party arrangements to verify project information and enable assessment of the application against the merit criteria, this includes:

- Memorandum of Understanding (MOU) for renewable energy supply. This must include pricing, terms and key conditions. It should also include evidence that the supply meets the renewable energy requirements as defined in section 2.3 and section 7.3, including a commitment to surrender required renewable energy certificates through GreenPower. If applicants are constructing renewable energy assets for the project, additional detail should be provided on the proposed sizing of the renewable energy assets, construction timelines and costs.
- MOU for sponsor and other equity, including key terms and conditions.
- A financing plan for all other capital required for the project.
- MOU with third party for offtake or hydrogen use. The MOU should specify timing, volume, price and any specific conditions. In the case of self-consumption, applicants should provide comprehensive detail on the use case for the hydrogen.
- Evidence of total project cost estimates to a confidence interval of +/-30% (excluding contingency costs) or firmer.
- Evidence of proposed electrolyser or biomethane steam methane reformer and other capital asset supplier(s) pricing.

### 8.2.2 Project plan

Project applications should provide a short form project plan document that includes the below information at a minimum:

- A summary of the project, including description, size, proposed location and use of the hydrogen.
- A summary of the current design of the project, including the source of renewable energy as well as process flow diagrams (PFD).
- A summary of the level of project technical definition and pathway to complete FEED, including evidence of feasibility or design work conducted to date.
- A list of key project partners. This should include proposed equipment suppliers, major subsidiaries and associated entities, details of current Australian operations, and relevant experience in Australia and internationally. Include any examples where the applicant and/or the applicant's consortium members have successfully delivered hydrogen production or hydrogen related projects in Australia, or internationally.
- Details on current status of development, planning and environmental approvals, permits and/or licenses required for the project, and anticipated pathway and timing to finalisation.

- Details on how the renewable energy supply meets the renewable energy requirements as defined in section 2.3 and section 7.37.3, including details on how the project plans to surrender required renewable energy certificates through GreenPower.
- Details of any land access requirements, including current status of approval.
- Details of any regulatory licences required for carrying out the project, and current status of registration.
- Details about the status of connection agreement process, and where possible, evidence provided to confirm the current status if relevant.
- Details about proposed source of water, annual water consumption, water quality, access, sustainability, costs and any related approvals required, including their status.
- A timetable and/or Gantt chart for the project. This should include four or five key milestones, key activities for achieving the milestones, target final investment decision, target financial close date, and target commissioning date.
- Key project metrics, including targeted electricity supply cost (\$/MWh) or biomethane supply cost (\$/GJ), capacity factor (%), and hydrogen production cost (\$/kg hydrogen).
- A section summarising the estimated reduction in carbon footprint in CO<sub>2</sub>e compared to the incumbent fuel source and technology. For example, this may be a comparison of SMR or diesel and renewable hydrogen.
- The following funding efficiency metrics:
  - the amount of total grant funding requested per kilogram of hydrogen produced, representing the economic gap to commercial competitiveness
  - the amount of total grant funding requested per tonne of greenhouse gas emissions abated by 2030
  - where applicable, the amount of grant funding requested per hydrogen vehicle and refuelling station, relative to the grant funding attributable to the transport components of the project
  - the amount of the total grant funding per tonne of hydrogen delivered
  - the hydrogen production efficiency (i.e. electricity or biomethane consumed / hydrogen delivered).
- Details of all development costs, including any prefeasibility, feasibility and FEED costs spent to date.
- A breakdown of development costs. This should include estimated FEED costs incurred prior to financial close and evidence of cost estimates, if applicable.
- An outline of the proposed capital structure for funding the project. This should include evidence of the proposed funding sources, noting the level of co-funding commitment.
- Details on how the applicant will manage contingency costs and cost overruns.
- Analysis that demonstrates a clear path to further cost reductions beyond this project, which might allow the project to be replicated with a reduced subsidy within the medium term.
- Details on all concessional components of the project.

- Details on any climate risk aspects identified for the project.
- Analysis demonstrating the project wouldn't be able to proceed without the requested Department funding.
- An outline of the status of any community consultation that has occurred to date and any planned activities.
- Analysis and supporting information about any potential impacts COVID-19 may have on the delivery of the project. This may include feedback or information from suppliers, financiers and other key stakeholders.

### 8.2.3 Other supporting documents

Applications should provide the following supporting documents:

- A detailed risk management plan for the project, including hazard and operability analysis, workplace health and safety, and safety management plan. Please use the template provided by the Department.
- A table identifying areas of non-compliance with the standard terms and conditions in the funding agreement template, and summarising proposed amendments. Please use the departures template provided by the Department.
- Evidence of applicant capability and capacity, including demonstrated level of experience and expertise, and details of successfully delivered hydrogen or other projects of a similar nature, scale or value in Australia or internationally.

### 8.2.4 Financial model

A dynamic financial model should also be provided, which should at minimum include the below information:

- All associated costs of deployment with clear breakdown of cost categories, this should include clear definition of any eligible and ineligible expenditure for the project. The Department expects to support capital expenditure, so these costs should be clearly identifiable.
- All assumptions, clearly labelled and dynamic.
- The proposed tax treatment of the Department grant funding, with supporting evidence that substantiates the proposed treatment.
- Key project metrics, including targeted electricity supply cost (\$/MWh) or biomethane supply cost (\$/GJ), capacity factor (%), hydrogen production cost (\$/Kg hydrogen) with supporting calculation.
- The ability to clearly sensitise the model to view the equity internal rate of return pre and post tax, with and without grant funding.
- Consideration of the incentives that may be available to the project under the NSW Hydrogen Strategy, this includes network concessions, electricity scheme exemptions and potential incentives from a hydrogen target in the Energy Security Safeguard. The model should be able to sensitise the impact on the project financials with and without the incentives.

- Considerations of any incentives that may be available under the NSW Energy Security Safeguard, including the fuel switching provisions of the NSW Energy Savings Scheme.



## 8.3 Definitions and acronyms

In this document, the following terms have the following meanings unless otherwise stated.

**Table 2: Definitions and acronyms**

Term	Definition
<b>ABN</b>	means Australian Business Number.
<b>AEMO</b>	means the Australian Energy Market Operator (ABN: 94 072 010 327).
<b>Applicant</b>	means an entity referred to in these guidelines that applies for grant funding under the initiative.
<b>Applicant eligibility</b>	means the criteria set out in section 3.1.
<b>Application</b>	means the submission of an application form, including EOI and full application, for funding under the initiative.
<b>Application form</b>	means the document or documents issued by the Department that applicants use to apply to participate, and/or for grant funding under the initiative.
<b>ARENA</b>	means the Australian Renewable Energy Agency (ABN 35 931 927 899).
<b>Business days</b>	means any day other than a Saturday, Sunday or public holidays in NSW.
<b>CEFC</b>	means the Clean Energy Finance Corporation (ABN: 43 669 904 352).
<b>Co-funding</b>	means the contribution of funding from applicants and their project partners, or any other private entity to the total project costs.
<b>Commercial-in-confidence information</b>	means any information that discloses your financing arrangements, cost structure, profit margins or full base case financial model; Intellectual Property for which you have an interest; any matter that the disclosure of which would place you at a substantial commercial disadvantage.
<b>Conflict of interest</b>	means a situation where a person decides or exercises a power in a way that may be, or may be perceived to be, influenced by either material personal interests (financial or non-financial) or material personal associations.
<b>Corporations Act</b>	means the <i>Corporations Act 2001</i> (Cth)
<b>DC</b>	means direct current
<b>The Department</b>	The NSW Government department that has the responsibility for the administration of the initiative, which at the time of publishing these guidelines is the NSW Department of Planning, Industry and Environment.
<b>Electrolyser capacity</b>	means the direct current capacity warranted by the manufacturer.



<b>Eligible application</b>	means an application for grant funding under the initiative that the Department has determined is eligible for assessment in accordance with these guidelines.
<b>Eligibility criteria</b>	means the eligibility criteria set out in section 3.1.
<b>Eligible expenditure</b>	means expenditure of the kind defined as eligible in section 8.1.
<b>EOI</b>	means Expression of Interest.
<b>Feed</b>	means front end engineering and design.
<b>Feed cost rebate</b>	means partial rebate of FEED costs, subject to the conditions set out in section 5.7.1.
<b>Financial close</b>	means the point at which an applicant has signed all the necessary financing agreements to commence the project, and all required conditions contained in them have been met.
<b>Full application</b>	means the full application as described in section 5.2.2.
<b>Funding agreement</b>	means the agreement between the Department and a recipient through which grant funding is provided to the recipient.
<b>Grant funding</b>	means grant funding provided by the Department under the initiative.
<b>Green hydrogen</b>	means hydrogen produced in NSW from renewable sources such as electrolysis powered by 100% renewable electricity or steam methane reforming using 100% biomethane. See project parameters in section 2.3 for more information.
<b>GreenPower</b>	means the National GreenPower Accreditation Program, which is administered by the Department.
<b>Guidelines</b>	means this approved framework for the operation and administration of the initiative. This document will be amended and updated as needed to ensure currency and accuracy.
<b>Hunter region</b>	means the following local government areas: <ul style="list-style-type: none"> <li>• City of Newcastle</li> <li>• City of Lake Macquarie</li> <li>• Cessnock City Council</li> <li>• Dungog Shire Council</li> <li>• Maitland City Council</li> <li>• Mid Coast Council</li> <li>• Muswellbrook Shire Council</li> <li>• Port Stephens Council</li> <li>• Singleton Council</li> <li>• Upper Hunter Shire Council.</li> </ul>

<b>Hydrogen consumer</b>	has the meaning defined in section 2.2.2.
<b>Hydrogen delivered</b>	means the annual tonnes of hydrogen delivered in normal operations over a 12 month period, based on the designed average system efficiency guaranteed by the equipment supplier, and the electricity capacity factor (the extent to which the electrolyser is used) as assumed in the financial model and/or relevant commercial agreements.
<b>Illawarra region</b>	means the following local government areas: <ul style="list-style-type: none"> <li>• Wollongong City Council</li> <li>• Shell Harbour City Council</li> <li>• Shoalhaven City Council</li> <li>• Kiama Municipal Council</li> <li>• Wingecarribee Shire Council.</li> </ul>
<b>Initiative</b>	means the NSW hydrogen hub initiative, as described in these guidelines.
<b>Initiative objectives</b>	means the initiative objectives set out in section 2.1.
<b>Intellectual property</b>	includes: <ul style="list-style-type: none"> <li>• all rights in relation to copyright, inventions, plant varieties, trademarks, designs, patents; and</li> <li>• all other rights resulting from intellectual activity in the industrial, scientific, literary or artistic fields including trade secrets and know-how</li> </ul> <p>but does not include moral rights.</p>
<b>Joint funder</b>	means a non-private sector party, such as ARENA, which provides grant funding to a project that the Department also provides grant funding to under the initiative.
<b>Joint funding</b>	means grant funding or concessional finance being provided by any other State, or Australian Government agencies or programs.
<b>Knowledge sharing plan</b>	is a formal document about the project that informs industry and the broader community about the project's development and findings.
<b>Material change</b>	has the meaning defined in section 7.2.
<b>Merit criteria</b>	means the merit criteria set out in section 3.2.
<b>Minister</b>	means the Minister with responsibility for the initiative, which at the time of publishing for these guidelines is the NSW Minister for Energy and Environment.
<b>Moral rights</b>	has the same meaning as in the <i>Copyright Act 1968</i> (Cth).
<b>MW</b>	means megawatt.

<b>National land transport network</b>	means road freight transport corridors, as defined in section 7.4.
<b>Net Zero Industry and Innovation Program</b>	this is a NSW Government plan that was released in March 2021 by the Minister for Energy and Environment. It supports and partners with industry to reduce emissions and help NSW businesses prosper in a low carbon environment. Further information about the program can be found at <a href="https://energysaver.nsw.gov.au/reducing-emissions-nsw/net-zero-industry-and-innovation">energysaver.nsw.gov.au/reducing-emissions-nsw/net-zero-industry-and-innovation</a>
<b>Network service provider</b>	means the entity that engages in the activity of owning, controlling or operating an electricity transmission or distribution system, and which is registered by AEMO as a network service provider.
<b>NSW</b>	means the State of New South Wales.
<b>NSW Energy Savings Scheme</b>	means the scheme to incentivise energy savings administered by the NSW Government under Part 1 of Schedule 4A to the <i>Electricity Supply Act 1995</i> .
<b>NSW Energy Security Safeguard</b>	means the schemes administered by the NSW Government under Part 8B of the <i>Electricity Supply Act 1995</i> .
<b>NSW Hydrogen Strategy</b>	the NSW Government's policy framework for supporting development of the hydrogen industry in NSW.
<b>Offer to negotiate</b>	the Department will issue a non-binding offer to negotiate a funding agreement to those applicants that are successful at the full application stage.
<b>PAYG</b>	means pay as you go withholding, as defined in the <i>Taxation Administration Act 1953</i> (Cth).
<b>Program materials</b>	means any documents published by the Department and being used by Applicants in relation to application and assessment process under the initiative.
<b>Project</b>	means a project described in section 2.2.1, which is the subject of an application for grant funding under the initiative.
<b>Project parameters</b>	means the project parameters as defined in section 2.3.
<b>Project eligibility</b>	means the criteria as defined in section 3.1.
<b>Recipient</b>	means an applicant that has been offered grant funding under the initiative and has entered into a funding agreement with the Department.
<b>Renewable Energy Zones</b>	means a geographical area of NSW and the infrastructure specified in a declaration by the Minister for Energy and Environment under section 19 of the <i>Electricity Infrastructure Investment Act 2020</i> . At the time of publication, this includes the Central-West Orana, New England, South West NSW, Illawarra and Hunter-Central Coast.

---

<b>Special Activation Precincts</b>	means a dedicated area in regional NSW identified by the NSW Government to become a thriving business hub. At the date publication, this includes Parkes, Wagga Wagga, Snowy Mountains, Moree, Williamtown and Narrabri. Further information and the status of these precincts are available at <a href="https://www.nsw.gov.au/snowy-hydro-legacy-fund/special-activation-precincts">https://www.nsw.gov.au/snowy-hydro-legacy-fund/special-activation-precincts</a> .
<b>System efficiency</b>	means hydrogen produced by the electrolyser system, divided by the electricity entering the system.
<b>Total feed cost rebate amount</b>	means the aggregate total of \$2 million available to reimburse applicants for verifiable third party costs relating to FEED.
<b>Verifiable third party costs</b>	means external consultant costs that are clearly and evidently related to the FEED element of the project. These costs must be incurred from the date of invitation to the date of the full application outcome letter. Verifiable third party costs must be supported by third party information, such as a contract or invoice that clearly states the nature of the work, the project, the cost and the dates when costs are incurred. The acceptance of any cost as a verifiable third party cost is at the Department's absolute discretion.

---