



Government
of South Australia
Department of
State Development

South Australian Energy Productivity Program **Program Guidelines**



www.statedevelopment.sa.gov.au/saep

Introduction

On 13 December 2016, the South Australian Government announced the establishment of the South Australian Energy Productivity Program (SAEPP). This is a \$31 million initiative that assists large energy using businesses in the state to reduce their energy usage and related costs, and contribute energy supply benefits to the state.

The SAEPP has two components:

- **Energy Productivity Audit Grant Program** – grants of 75 per cent of the cost of a Level 2 energy audit, up to \$15,000, to businesses to engage an external energy auditor to identify energy savings opportunities
- **Energy Productivity Implementation Grant Program** – grants to implement the recommendations of the Energy Productivity Audit Grant or the recommendations of a recently completed energy audit, with a preference for projects that provide broader market benefits to South Australia.

The SAEPP will be delivered by the Department of State Development.

A grant will only be provided to cover expenditure incurred on or after the date of the application for a grant submitted to the Department of State Development. Applicants who choose to commence their project prior to being awarded a grant or entering into a funding agreement do so at their own risk as no grant funding will be provided until a grant is approved and a funding agreement is in place. Retrospective funding is not offered.

Program objective

The objective of the SAEPP is to reduce energy costs to South Australian businesses and have a beneficial impact on the energy market in South Australia.





Eligibility

Firm eligibility

To be eligible to apply for assistance under all SAEPP programs, an applicant must:

- Conduct business in South Australia
- Be a large customer pursuant to the National Energy Retail Law (South Australia) Act 2011. A large customer is defined as a business customer who consumes energy at business premises at or above the upper consumption threshold. In South Australia, the upper consumption threshold is 160 MWh per annum
- Be a solvent business able to enter into a legally binding funding agreement with the South Australian Government
- Willing to enter into a funding agreement with the Minister for Mineral Resources and Energy
- Be willing to provide reports, information and data, including financial information as required
- Commit to the required financial co-contribution, exclusive of in-kind contributions
- Have an ABN and be registered for GST.

Total number of grants

Each successful applicant is limited to receive one grant from each program within the SAEPP.

Energy Productivity Audit Grant Program

The Energy Productivity Audit Grant Program aims to encourage businesses to become more aware about how they use and manage energy within their organisation. The \$7.5 million grant program will provide grants to assist undertaking an energy audit to identify real opportunities to get more value from the energy that a business consumes.

Grants of 75 per cent of the cost of a Level 2 Energy Audit under the Australian/New Zealand Standards, up to \$15,000, to businesses to engage an external energy auditor to identify energy productivity opportunities. Energy Productivity is defined as the ratio of output divided by energy consumption.

Applicants can receive the grant if they meet all of the following criteria:

- They consume energy at business premises at or above 160MWh per annum
- They can contribute a minimum of 25 per cent in matching funds towards the cost of the energy audit exclusive of in-kind contributions
- Evidence that the proposed energy auditor has the skills required to undertake a Level 2 Energy Audit
- Potential to significantly improve energy productivity and contribute broader market benefits (where broader market benefits includes improving the reliability, security, affordability and emissions intensity of South Australia's electricity supply)
- They have a strategic commitment to achieving energy productivity improvements within two years.

Applicants may be sole traders, partnerships, companies or trusts.

Application assessment

Applications to the Energy Productivity Audit Grant Program will be assessed on a competitive basis relative to the merit of other applications received against the program eligibility and merit criteria.

Applicants should note that irrespective of eligibility and merit, there is no guarantee that an offer of funding will be made.



Merit criteria

Applications for the Energy Productivity Audit Grant Program will be assessed against the following criteria:

- The contribution of energy costs to the overall costs of the business
- The practicality and achievability of energy productivity benefits
- Capacity and capability to implement an identified energy productivity opportunity.

The Assessment Panel may take into account other aspects of the proposal it regards as relevant when assessing applications.

Payments

The grant will be paid to successful applicants within 30 days of receiving:

- Evidence that the business has entered into an agreement with an energy auditor; and
- A valid tax invoice (if registered for GST).

The grant recipient will be required to complete a Grant Acquittal on completion of the review. Funding will need to be repaid to the Department of State Development if the funding is not expended or 75 per cent of the actual audit costs exceed the funding provided.

All grant payments will be made subject to the availability of funding.

Reporting

Recipients will be required to provide the report by the energy auditor within 30 days of receipt of the report and within 12 months from the date the agreement is executed and must include, but is not limited to:

- An energy and greenhouse gas emissions profile including the identification of carbon risk and liabilities in line with the relevant reporting standards
- Advice on capturing and analysing performance data from energy systems, before and after improvement measures are undertaken
- Identification of energy productivity opportunities within the company's operations
- Identification of broader market benefits that may result from the implementation of the identified energy productivity opportunities
- Cost-benefit analysis of identified improvements
- A strategic action plan to implement recommended improvements.

Energy Productivity Implementation Grant Program



The Energy Productivity Implementation Grant has been established to implement the recommendations of the Energy Productivity Audit Grant or the recommendations of a recently completed energy audit with a preference for projects that provide broader market benefits to South Australia.

This a competitive grant program that is awarded based on the merit of applications. Grants will be available under two streams:

Stream 1

Grants up to \$2.5 million based on a \$1 grant from the South Australian Government for every \$2 contributed by the business (e.g. if the funding sought for the project is \$2.5 million then the total project cost will be a minimum of \$7.5 million).

Stream 2

Grants up to \$75,000 based on a \$1 grant from the South Australian Government for every \$1 contributed by the business (e.g. if the funding sought for the project is \$75,000 then the total project cost will be a minimum of \$150,000).

Eligible purposes

Eligible purposes include expenditure consistent with the recommendations of the energy audit. This may include, but is not limited to:

- Purchasing capital equipment
- Purchasing of software
- Engaging independent external expertise for reconfiguration of existing systems.

Exclusions

Costs of routine business activities, such as (but not limited to) in-kind costs, wages and salaries.

Application assessment

Applications to the Energy Productivity Implementation Grant Program will be assessed on a competitive basis relative to the merit of other applications received against the program eligibility and merit criteria by the SAEPP Assessment Panel.

Applicants should note that irrespective of eligibility and merit, there is no guarantee that an offer of funding will be made.

Merit criteria

Applications for an Energy Productivity Implementation Program Grant will be assessed against the following criteria:

- Potential savings and impact on the applicant
- Broader market benefits to South Australia of the implementation of the project
- The capacity and capability, including management capability of the applicant to successfully undertake the project.

The Assessment Panel may take into account other aspects of the proposal it regards as relevant when assessing applications.

Reporting

The funding agreement will include a requirement to provide reports on the progress of the project that will be tailored in accordance with agreed project milestones detailing, but not limited to;

- Progress of the project
- Eligible expenditure incurred on the project
- On completion of the project a grant acquittal in relation to eligible expenditure.

Payments

To receive grant funds, a successful applicant must enter into a written funding agreement with the South Australian Government.

The offer of a grant lapses if a funding agreement has not been entered into within 60 days of the applicant being offered a grant by the Department of State Development.

Applicants will be asked to identify payment milestones in the grant application.

Payment of grant funds will be made in accordance within 30 days of agreed payment milestones as set out in the funding agreement.

Final payment, representing 10 per cent of the grant amount approved, will be made within 30 days of provision of a tax invoice and acceptance of the final report.

Funding will need to be repaid to the Department of State Development if it has not been expended on the project.

All grant payments will be made subject to the availability of funding.

Duration

A grant is to relate to expenditure incurred over a maximum of 12 months from the date of execution of the funding agreement.

Taxation



Grant amounts may be subject to GST. Grant amounts referred to in the program guidelines, application form and funding agreements are GST exclusive.

Receipt of grant funding from the SAEPP may have taxation implications. Applicants should seek independent taxation advice regarding the potential taxation implications of receiving an SAEPP grant.

Applying for assistance

Applications will be accepted on an ongoing basis.

Applicants can only receive one grant under the Energy Productivity Audit Grant Program and one grant under the Energy Productivity Implementation Grant Program.

The Energy Productivity Audit Grant Program will be open for applications on **20 December 2016** through to **31 May 2017**, with applications assessed as they are received and subject to the availability of funding.

The Energy Productivity Implementation Grant Program will be open for applications on **20 December 2016** through to **31 March 2018**, with applications assessed as they are received and subject to the availability of funding.

Applicants will be required to submit the application form available at www.statedevelopment.sa.gov.au/saeppl

Queries relating to the SAEPP may be directed to the Department of State Development

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The decision process

The Minister for Mineral Resources and Energy or his authorised representative, is to make grant offers to applicants taking into account the:

- Recommendations of the SAEPP Assessment Panel (where applicable)
- Availability of funding based on commitments of program funds in the current and future financial years.

Applicants will be advised in writing whether their application was successful. No further correspondence will be entered into.

Final decisions on funding rest with the Minister for Mineral Resources and Energy.

The Minister for Mineral Resources and Energy reserves the right to transfer funding between the Energy Productivity Audit Grant Program and the Energy Productivity Implementation Grant Program and within the funding streams for the Energy Productivity Implementation Grant Program.

The Minister for Mineral Resources and Energy reserves the right to offer grant funding in excess of the maximum grant of \$2.5 million under Stream 1 of the Energy Productivity Implementation Grant Program if he deems the application to be sufficiently meritorious.