

*Government Grants &
Incentives
&
Energy in the Kimberley*

Kimberley Economic Forum

27 September 2019

Agenda

- 1. *Introduction to PwC Incentives and Innovation Team***
- 2. *Where Government Co-Invests***
- 3. *Key Commonwealth Government Incentives***
 - Building Better Regions Fund (BBRF)
 - Northern Australia Infrastructure Facility (NAIF)
 - Australian Renewable Energy Agency (ARENA)
 - Clean Energy Finance Corporation (CEFC)
 - Cooperative Research Centre Projects (CRC-P) Programme
- 4. *Emerging Trends in Energy***
- 5. *Energy Needs for the Kimberley***
- 6. *Federal Support for Energy Projects***
- 7. *Questions & Contact Details***

PwC's Incentives and Innovation Team

- PwC team comprises former government officials and is a specialised service offering for the firm
- Experience with large-scale applications (complexity and tight timelines)
- Development of a strategic approach based on project benefits
- Understanding the government's value-proposition –project competitiveness, suitability and alignment with government objectives
- Importance of stakeholder relationship (differing viewpoints between bureaucrats and Ministers)
- Appreciation of political circumstances on grant funding (election cycles, political relationships)
- Key is to build merit as grants are highly competitive within required timeframes

PwC Attendance at the Northern Australia Conference Karratha



Where government co-invests

- \$8bn invested in industry assistance each year according to Productivity Commission
- Looking for economic, social, environmental impacts
- Require need for funding argument:
 - project needs to be in pre-approval stage or capital raising (shovel ready)
 - project must be viable long term-generally not suitable for proposals where less than 60-75% of private finance has been secured
 - for larger applicants need substantial external economic and social co-benefits

Key Commonwealth Government Incentives

- Building Better Regions Fund (BBRF) –grants for multi-beneficiary infrastructure in regional Australia
- Northern Australian Infrastructure Facility (NAIF) –soft loans for multi-beneficiary infrastructure in northern Australia
- ARENA –grants and recoupable grants for innovative renewable energy projects
- CEFC –soft loans for more established clean energy technology
- CRC-P –grants for late stage research projects with clear commercialisation pathway, with industry and university involvement
- R&D Tax Incentive –tax offset for qualifying R&D activity

Recent PwC Success in WA – Pilbara Metals

- PwC supported Pilbara Metals Group in securing a \$1.13 million grant under the Cooperative Research Centres Projects (CRC-P) Grants Round 7.
- The grant will support Pilbara Metals Group taking manganese ore and converting it into a ultra-high purity manganese sulphate supporting the emerging electric battery industry.



Building Better Regions Fund (BBRF)

\$297.7 million BBRF

- BBRF supports multi-beneficiary infrastructure projects that provide economic and social benefits to regional and remote areas
- A Council or not-for-profit organisation must lead the application
- BBRF projects could include improving infrastructure in areas such as:
 - ›Transport networks –roads, ports, airports, rail hubs
 - ›Communications networks
 - ›Water projects
 - ›Regional cold stores
- Grant funding of between \$20,000 and \$10 million available
- Standard 1:1 (50%) funding ratio, however defined ‘Remote’ and ‘Very Remote’ regions are able to access a 3:1 (75%) ratio

Northern Australia Infrastructure Facility (NAIF)

\$5 billion NAIF

- Project must be in northern Australia
- Concessional finance program supports investment in multi-user infrastructure that benefits Northern Australia
- Typical projects include airports, communications, energy, ports, rail, and water
- NAIF's prefer larger projects
- Onslow WA (\$18m)
- NAIF can provide up to 100% of the debt finance for a project
- Broadly, need to show economic benefits (economic modelling), social benefits (including indigenous engagement strategy), linkages to regional plans, need for funding, capacity to repay

Onslow NAIF support for \$18 million Onslow Marine Support Base



Australian Renewable Energy Agency (ARENA)

- **\$2 billion ARENA Fund**
- ARENA support activities relating to innovative renewable energy technologies with a focus on emerging technologies
- Wider knowledge sharing of project outcomes a key requirement
- Alignment with ARENA's Investment Plan:
 - › Delivering secure and reliable electricity (storage) –focus on storage and demand management
 - › Accelerating solar PV innovation –making solar PV more efficient and affordable
 - › Improving energy productivity –reducing energy costs and emissions in transport, building and industrial sectors
 - › Exporting renewable energy –building new and scaleable export value chains
- No specified grant funding, however applicant co-contributions is required (can be grants or recoupable grants)

Clean Energy Finance Corporation (CEFC)

- **\$10 billion CEFC**
- Soft loans for more established clean energy technology investments
- Need to show a “gap” in commercial funding
- This fund will provide debt and/or equity financing to projects
- No specified maximum assistance, however, CEFC's preferred minimum investment size for a renewable technology project is \$20 million
- The Clean Energy Innovation Fund (CEIF) provides soft loans to innovative technologies on lower interest rates and seeks guidance from ARENA on the level of innovation present in a proposed project

Cooperative Research Centre Projects (CRC-P) Programme

- The program supports collaborative late-stage research projects, with a fast pathway to commercialisation
- Projects need to address an identified industry problem and involve both industry and university participants (at least one SME and one other industry participant)
- Key information in relation to the CRC-Ps:
 - › funding available for up to three years
 - › maximum of \$3 million (GST exclusive) available for each CRC-P
- CRC-P collaboration must at least match the amount of grant funding sought through cash and/or in-kind contributions (1:1 ratio)

Energy trends

- The 2020 large-scale Renewable Energy Target has driven high investment in new utility-scale renewable energy generation.
- 15,700 MW of new capacity has been financially committed to.
- In WA mining companies are looking to replace diesel with renewable energy to save money.



Energy Needs for the Kimberley

- The Kimberley Clean Energy Roadmap in 2018 noted that the Kimberley has no electricity grid, with each town operating as an isolated microgrid.
- The report highlighted renewable energy has the potential to provide cheaper energy solutions.
- The report also highlighted Horizon Power leadership in renewable energy.
- Horizon Power has provided \$11.6 million support for a solar farm in remote Kimberley Aboriginal communities.



Source: West Australian Alternative Energy - Djarindjin Corporation partnering with Horizon Power as part of the Solar Incentives Scheme. Under the Scheme

Federal Support for Energy Projects

- Investment in renewable energy projects in the Kimberley can reduce costs and support improved environmental outcomes.
- Federal Government programs can assist with investment in projects to support renewable energy projects and associated economic, social and environmental benefits.
- PwC can support projects to access Federal Government funding support.

Questions & Contact Details

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