Department of Water and Environmental Regulation

Clean Energy Future Fund Round 3 – financial model

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Welcome. My name is **Ro Richardson**

I manage the **Clean Energy Future Fund** with help from **Energy Policy WA**

Round 3 opened for applications on **21 March** and **closes 10 June**

We are recording the session. The **recording and the slide deck** will be available from our website.

Applicant guidelines already available from website

Agenda - CEFF R3 Financial Model

Topic	Time
• Financial Model Objectives • Colours and Conventions • Sequence of Steps • Project Model Tab • Funding Tab • Input-Output Explorer Tab • Other Tabs	30 mins
• Questions	30 mins

Financial Model Objectives

Reasons CEFF uses the financial model
Looking for "Goldilocks zone" projects
Clarity on project scope, costs etc.
Comparable data across applications
Comparable data across project/technology types (technology agnostic data)
Assessment of project emissions, energy and financial viability
Capturing reasoning or sources for each assumption
To build confidence in the planned project
As a tool for applicants to optimise their projects

Conventions and Colours

Colour coding
Green is for user input.
Light green is for values with a default, but you can type over.
Peach is for energy.
Grey is for greenhouse gas (CO2 equivalent) emissions.
Gold is for money.
Yellow highlighting is for values typed over a formula.

- All money numbers are excluding GST
- Use the "Justification for assumptions" column

Conventions

There are two copies of the spreadsheet, a **blank template and a worked example**. It is easier to understand the worked example.

The **worked example is not real**. I have chosen input values to give specific outputs. You are responsible for finding your own values.

The **spreadsheet is not locked**. You can **add or delete** rows or columns if needed. You may need to copy formulae from neighbouring cells. You are **free to use it as you wish**.

The **Department of Water and Environmental Regulation takes no responsibility** for any use of this template outside of the Clean Energy Future Fund (CEFF) grant application process.

Use **current year Australian dollars excluding GST** for all money values.

Emissions factors for the relevant grid found here: Australia's emissions projections 2022 - DCCEEW or
https://www.dcceew.gov.au/climate-change/publications/national-greenhouse-accounts-factors-2023

If your **project covers two stages**, e.g., Front End Engineering and Design, Financial Investment Decision then construction, I recommend **completing two copies of the spreadsheet**, one for the design step, with outputs and revenue empty, and a second for the proposed commercial scale project. In this case, spread your milestones and grant across both stages.

Sequence of Steps

Instructions	Disclaimer and instructions
Project Model	1 Construction or capital costs
	2 Timing and grant allocation
	3 Operating inputs or costs
	4 Operating outputs or savings
	5 Decommissioning
	6 Net benefits (outputs less inputs)
	7 Cash flow
Funding	8 Funding
	9 CEFF parameters
Input-output Explorer	10 Validation
	11 Project summary
	12 Assumptions
Other tabs	13 In-kind contributions
	14 Milestone Table
	15 Charts

The Main Sections – Show in Excel

This section will be a live demo in Excel

If you are reading the slide show after the live presentation, see speaker notes to this slide.

The heading numbers in the speaker notes follow the sections of the spreadsheet.

1. CONSTRUCTION OR CAPITAL COSTS

Talk about left, top, right then bottom components.

Include refurbishment, replacement or performance degradation. (especially solar and batteries).

Explain how the toggles work.

2. TIMING AND GRANT ALLOCATION

Conversion from capacity factor to hours per year – use your calcs if you have modelled it.

3. OPERATING INPUTS OR COSTS

- Show conversion from hourly to yearly.
- Show toggles in operation.

4. OPERATING OUTPUTS OR SAVINGS

Talk about putting in carbon credits

Trade-off, sell green products or sell carbon credits.

5. DECOMMISSIONING

6. NET BENEFITS (OUTPUTS LESS INPUTS)

- Talk about the **different emissions savings totals**
- Last line – ROCE by module

7. CASH FLOW

- Misc cashflows – manual input (green)
- See cashflows kick in and out as time goes by
- Cumulative cashflow – red shows time to simple payback.

8. FUNDING

Show how you will **fund the project**

9. CEFF PARAMETERS

Summary of scheme parameters – do not change.

10. VALIDATION

If a value goes red, please provide an explanation.

11. PROJECT SUMMARY

- Effectively the "outputs" of the spreadsheet.
- Placed next to Assumptions so you can easily see impact of changing assumptions.

12. ASSUMPTIONS

- Talk about override value
- Talk about goal seek
- Example of solar panel North/EW

13. IN-KIND CONTRIBUTIONS

- If you use in-kind costs, you need to support them.

14. MILESTONE TABLE

- By default this extracts costs and finish dates for each module.
- You can type over it.
- Main purpose is to know timing of grant payments.
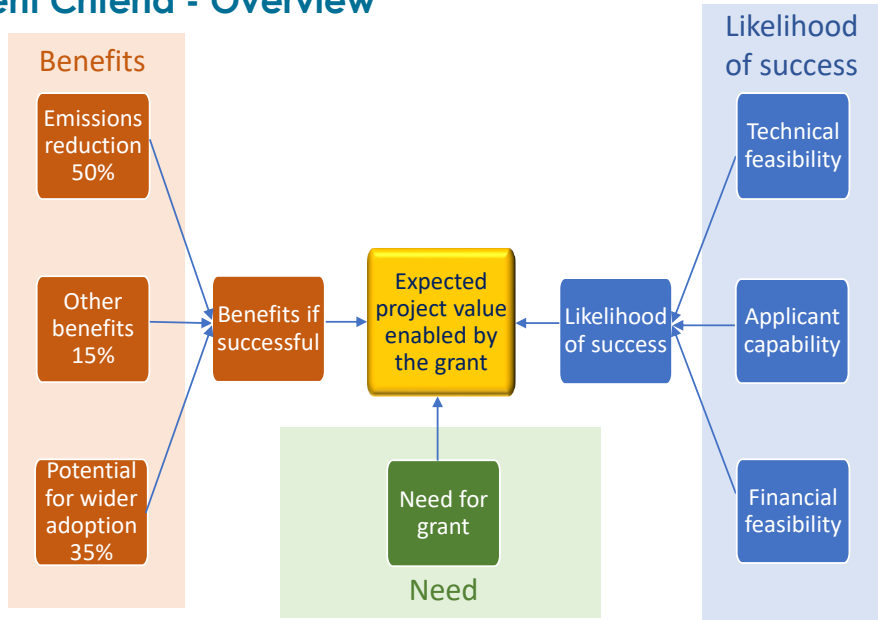- Will be negotiated for the funding agreement if successful.

15. CHARTS

Visual representation of key data.

Questions

Backup slides

- For a project to offer **good value for taxpayer money**, it must have **strong benefits**, be **likely to succeed with the grant**, and **need the grant** to succeed.

- The **benefits match the fund objectives**.

- The three **benefits categories are rated and weighted** to get the benefits rating.

- The likelihood of success and need for the grant are **assessed as percentages**.

- This is like **risk registers** where the impact and likelihood of the risk are multiplied to get risk rating.

Thank you